

**PERFORMANCE AUDIT  
PANCHAYAT AND RURAL DEVELOPMENT  
DEPARTMENT**

**4.1 BACKWARD REGION GRANT FUND**

**Executive Summary**

Backward Region Grant Fund Programme (BRGF) was launched by the Government of India (GoI) in 2006-07 to redress regional imbalances in development of 15 backward districts of the State. The programme also includes eight districts of the State already covered under Backward District Initiative Programme (BDI) under Rastriya Sam Vikas Yojana (RSVY) which was implemented during 2003-06 and was subsumed in BRGF during 2006-07. During 2007-13, the State Government received ₹ 1401.07 crore under BRGF for 15 backward districts of which ₹ 1285.97 crore was spent up to 31 March 2013. Besides, under RSVY, ₹ 360 crore was also received from GoI during 2003-07, of which ₹ 348.63 crore was utilised during 2003-12.

Performance Audit of BRGF programme revealed that the core issue of convergence of all inflow of funds under different schemes/programmes to formulate Integrated District Plan to speed up the development process in backward districts remained unattended. There was total absence of institutional arrangements at Gram Panchayat (GP) and District Planning Committee (DPC) level to the extent envisaged under the Programme. There was considerable delay ranging from 64 to 233 days in preparation of Annual Action Plans (AAPs) and their submission to GoI. The State Government had not yet evolved any guidelines on important issues like social audit and peer review to oversee the performances of Local Bodies (LBs). Government had also not prescribed quality monitoring system, criteria for award of performance incentives, basis for inter se allocation of funds within PRIs considering district specific backwardness indicators etc. AAPs were not prepared in participatory manner. Separate sub-plans for Scheduled Tribes (STs) and Scheduled Castes (SCs) were also not prepared under BRGF during 2007-12. There was delay ranging from 14 to 77 days in transferring funds of ₹ 686.62 crore by the State Government to Zila Panchayats (ZPs). Diversion of ₹ 117.51 lakh for other purposes and parking of scheme fund of ₹ 1.50 crore was noticed. Programme implementation suffered due to sanctioning of ₹ 21.69 crore on execution of 442 inadmissible works, unfruitful expenditure on idle assets and incomplete works, lack of transparency in tendering and contract management. Monitoring was inadequate and evaluation of the programme outcome was not done.

#### **4.1.1 Introduction**

Backward Region Grant Fund Programme (BRGF) was launched by GoI in 2006-07 for 11<sup>th</sup> five year plan (2007-12) to redress regional imbalances, contribute towards poverty alleviation in 250 backward districts of the country besides focused development of backward areas by bridging gaps in critical infrastructure as well as other developmental requirements. In Chhattisgarh initially 13 districts<sup>1</sup> were covered under BRGF. Thereafter two more districts viz. Bijapur and Narayanpur formed from the Dantewada and Bastar district were also included and funds were allotted to these district from 2010-11. These districts include eight districts<sup>2</sup> of the State already covered under Backward District Initiative Programme (BDI) under Rastriya Sam Vikas Yojana (RSVY) which was implemented during 2003-06 and was subsumed in BRGF from 2006-07. Both the schemes aimed at focused development of backward areas by bridging gaps in critical infrastructure as well as other developmental requirements and to mitigate the regional imbalances. BRGF also aimed at convergence of existing developmental inflows under various flagship programmes to speed up the development process and had a capacity building component to strengthen Panchayat and Municipality level governance with more appropriate capacity building and provide professional support to local bodies for planning, implementation and monitoring their plans. The guidelines of the Programme (BRGF) were issued by GoI in January 2007. The integrated district plans were to be prepared through participatory planning from grass root level to district level, for ensuring inclusion of sub plans of Scheduled Caste (SC)/Scheduled Tribe (ST).

#### **4.1.2 Organisational setup**

Panchayat and Rural Development Department (PRD) headed by Additional Chief Secretary (ACS) is the Nodal Department for implementation of BRGF Programme in the State. Works under the programme were executed through the Zila Panchayat (ZP), Janpad Panchayat (JP), Gram Panchayat (GPs) and line Department/ Executing Agencies<sup>3</sup> (EAs). In urban areas, the programme was implemented by Urban Local Bodies (ULBs). The District Planning Committees (DPC), constituted as per the provisions of the Constitution of India (Article 243G, W and ZD), is to approve the integrated district plan and monitor the implementation of the scheme at district level. State level High Power Committee (HPC) headed by the Chief Secretary is to examine the district plans, formulates policies/guidelines and monitors the implementation of the programme.

---

<sup>1</sup> Bastar, Bilaspur, Dantewada, Dhamtari, Jashpur, Kabirdham, Kanker, Korba, Korea, Mahasamund, Raigarh, Rajnandgaon and Surguja

<sup>2</sup> Bastar, Bilaspur, Dantewada, Jashpur, Kabirdham, Kanker, Rajnandgaon and Surguja

<sup>3</sup> Agriculture, Fisheries, Horticulture, Public Works Department, Public Health Engineering, Water Resource Department, Veterinary, ULBs etc.

### 4.1.3 Audit objectives

Audit objectives for the Performance Audit of the BRGF programme were to assess:

- adequacy and effectiveness of planning, monitoring and institutional arrangements to achieve the intended objectives;
- effectiveness of financial management;
- effectiveness of programme implementation to achieve the intended objectives and
- adequacy and effectiveness of internal controls to prevent fraud and corruption.

### 4.1.4 Audit criteria

The main criteria to arrive at the audit conclusions were:

- BRGF guidelines
- Annual Plans of the department;
- Chhattisgarh Treasury Code and
- Instructions and circulars issued by the GoI and State Government from time to time.

### 4.1.5 Scope and methodology of audit

Performance Audit was conducted during October to December 2013 through test check of records of Panchayat and Rural Development Department (PRD), State Institute of Rural Development (SIRD) at State level and DRDAs/ZPs of seven sample districts<sup>4</sup> (46 *per cent* selected on the basis of Stratified Random Sampling without Replacement Method) as well as 14 JPs<sup>5</sup>, 140 Gram Panchayats (GPs) (*Appendix-4.1*) (10 under each sample JP), 38 Urban Local Bodies<sup>6</sup> and 13 line department<sup>7</sup> or implementing agencies covering the period 2003-12<sup>8</sup> for RSVY and 2007-13 for BRGF. Joint physical verification of 40

<sup>4</sup> Bastar, Bilaspur, Dantewada, Kanker, Raigarh, Rajnandgaon and Surguja

<sup>5</sup> Bakawand, Bautoli, Bhanupratappur, Bilha, Dongargaon, Geedam, Khairagarh, Kharsia, Marwahi, Narharpur, Pussore, Rajpur, Sukma and Tokapal

<sup>6</sup> MC-Bastar, Bilaspur, Raigarh, Rajnandgaon and Surguja, NPP-Dongargarh, Kanker, Kharsia, Kirandul and Kondagaon, NP- Ambagarh Chowki, Baramkela, Bastar, Bhanupratappur, Bilha, Bishrampur, Bodari, Charama, Dantewada, Dongargaon, Geedam, Gharghoda, Keshkal, Khairagarh, Kirandul, Kirodimal nagar, Lormi, Malhar, Mungeli, Narharpur, Pakhanjur, Ratanpur, Sargaon, Sariya, Sirgitti, Sukuma, Takhatpur and Tifra

<sup>7</sup> Executive Engineer-PWD, PHE, WRD, PMGSY and RES, Deputy Director-Agriculture, Horticulture, Veterinary and Sericulture, Divisional Forest Officer, Manager-Handlooms and Gramodyog and Chhattisgarh Renewable Energy Development Authority in all selected districts

<sup>8</sup> The fund received under the RSVY during the period 2003-04 to 2007-08 was utilized up to 2011-12.

assets created under BRGF was conducted by the Audit team with the officials of the audited organisations. Photographs of assets created were also taken, wherever found necessary. Out of the total expenditure of ₹ 1285.97 crore incurred under the programmes up to March 2013, expenditure of ₹ 748.31 crore (58 *per cent*) was incurred by units covered in Performance Audit. The audit objectives, scope and methodology were discussed with the ACS, PRD in an entry conference held on 27 September 2013.

## **Audit Findings**

### **4.1.6 Planning**

#### ***4.1.6.1 Non-conducting base line survey***

BRGF guidelines require each district to undertake a diagnostic study of its backwardness by ensuring professional planning support and conducting a baseline survey. The survey was to identify missing infrastructure gaps and ways to address them over a period of time. No such survey was conducted in the test checked districts except Bastar, where baseline survey was conducted during 2007-08. Instead, projects recommended by JPs/District Authorities/ULBs/elected Representatives were included in the Annual Action Plans (AAPs) during 2007-08 to 2012-13. AAPs for 2011-12 and 2012-13 were prepared by engaging Technical Support Institutions (TSIs) but in none of the test checked districts, project wise anticipated outcomes in terms of production, development, employment; income etc. were indicated though required as per GoI guidelines. In the absence of the baseline survey, AAPs were prepared and executed without ascertaining the availability and sector wise actual requirement of the project for development of the area.

In reply, CEO, ZP Raigarh and Rajnandgaon stated (November and December 2013) that specific instructions in this regard had not been received from the State Government. CEO, Kanker and Bilaspur stated (October and November 2013) that the baseline survey was conducted. CEO, ZP Dantewada stated (December 2013) that after conducting baseline survey, Perspective Plan for the year 2012-13 to 2016-17 was prepared. CEO, ZP Surguja accepted the observation (January 2014) that no baseline survey was conducted.

The replies of CEO, ZP Raigarh and Rajnandgaon are not acceptable. The baseline survey was to be conducted as per the BRGF guidelines even without specific instructions from the State Government. As regard the replies of CEO, ZP Bilaspur and Kanker, the same are not acceptable as no survey report was provided to Audit. The reply of CEO, ZP Dantewada confirms that no baseline survey was conducted for the period 2007-12.

#### ***4.1.6.2 Absence of Integrated as well as Participatory planning***

BRGF programme envisages decentralised bottom up planning and to strengthen Gram Sabhas in rural areas and Area Sabhas in urban areas for this



**Integrated district plans were not prepared.**

purpose. It also requires convergence of all developmental inflows under flagship programmes<sup>9</sup> to form an integrated district plan to speed up the development process in backward districts. The participatory plans prepared by Panchayats and Municipalities were to be consolidated into integrated district plan by the District Planning Committees (DPC) and the same would reflect all financial resources available in the district and ensure their optimal use without delay, diversion, duplication and leakages. Scrutiny of records revealed the following deficiencies:

- In Bilaspur district, though the proposal for five works<sup>10</sup> valuing ₹ 67 lakh in the AAP of BRGF during 2010-11 was received (April 2010) from Nagar Panchayat (NP), Sargaon, but only two work was taken up. Out of the two work, one work “Electricity arrangement” valuing ₹ 3.38 lakh were taken up from the proposed plan and another work “Construction of multipurpose building valuing ₹ 2 lakh” which was not proposed by the NP was included in the AAP.

Similarly, during the year 2010-12, proposal for 12 works<sup>11</sup> valuing ₹ 62.50 lakh was received (April 2010) from CMO, NP, Pathariya. None of the works proposed was considered. Further it was seen that two another works (Construction of Community Health Centre-₹ 5.50 lakh in 2010-11 and Extension of electric poles-₹ 5 lakh in 2011-12) which were not proposed were sanctioned and executed. Thus, the above works were included in the AAPs by the district authorities without consulting the NP.

On this being pointed out in audit (October 2013), no reply was furnished by the CEO, ZP Bilaspur (January 2014).

- In Bilaspur district, two projects “Construction of two *Revenue Inspector (RI)/Patwari* training centre (₹ 24.32 lakh) and one Child Training Centre (₹ 1.40 crore) in four parts” with estimated cost of ₹ 1.64 crore under urban sector were included in the AAPs of 2007-12 and Commissioner, Municipal Corporation (MC), Bilaspur was appointed as the implementing agency. Scrutiny of records revealed that instead of *RI/Patwari* training

<sup>9</sup> National Rural Employment Guarantee Scheme (NREGS), Sarva Siskhya Abhiyan (SSA), Midday Meal (MDM) Programme, Drinking Water Mission, Total Sanitation Campaign (TSC), National Rural Health Mission (NRHM), Integrated Child Development Services (ICDS) and National Urban Renewal Mission

<sup>10</sup> i) Expansion of pipe line in Ward 1 to 12-₹ 15 lakh, ii) Water tanker-₹ 2 lakh, iii) Electricity arrangement-₹ 10 lakh, iv) Construction of *Nalli*-₹ 20 lakh and v) CC and WBM road-₹ 20 lakh

<sup>11</sup> In 2010-11 i) Fencing work at Muktidham-₹ 5 lakh, ii) Fencing work at Muktidham-₹ 5 lakh, iii) Fencing work at Gothan-₹ 2.50 lakh, iv) Construction of Anganwadi Fencing work at Muktidham-₹ 5 lakh, v) Community building at Ward 10-₹ 5 lakh, vi) Community building at Ward 1-₹ 5 lakh and vii) Shulabh Toilets-₹ 8 lakh and in 2011-12 i) Muktidham-₹ 5 lakh, ii) Community building at Ward 2 & 5-₹ 7 lakh iii) Construction of *Pachari* at Ghormar tank-₹ 3 lakh, iv) Construction of *Pachari* at Ward 04-₹ 3 lakh, and v) Expansion of pipe line in Ward 3 and 6-₹ 10 lakh

centre and Child Training Centre, Meeting Hall at Collectorate premises and a big Community hall were constructed as discussed in **Paragraph 4.1.10.2**.

On this being pointed out in audit (October 2013), no specific reply was furnished by the CEO, ZP Bilaspur (November 2013).

- In Bilaspur district works relating to construction of four number of *Anganwadi* Building in different Wards<sup>12</sup> of Nagar Pallika Parishad (NPP) Mungeli with estimated cost of ₹ 3 lakh each were included in the AAP of 2007-08 which were executed by the agency. However the same works at same cost were again included in the AAP of 2009-10.

In reply, CEO, ZP Bilaspur stated (November 2013) that four *Anganwadi* building were sanctioned to Nagar Panchayat (NP), Mungeli during 2007-08 and now it became NPP, Mungeli. Hence, as per proposal, four *Anganwadi* building have been sanctioned for other centres.

The reply is not acceptable as the *Anganwadi* buildings had been sanctioned with same cost for the same Wards during 2007-08 and 2009-10. Further the amount sanctioned in 2009-10 was remain unutilised and was proposed for transfer to other work as per Monthly Progress Report (MPR) of October 2013.

- In Kanker district, it was noticed during test check of the records of CMO, NP, Narharpur that though the proposal of nine works<sup>13</sup> valuing ₹ 2.47 crore was forwarded (February 2012) for inclusion in the AAP plan for the year 2012-13, three other works (CC road in Ward No. 8 and 12) which were not proposed were sanctioned.

In reply, CEO, ZP Kanker stated (November 2013) that the same works were proposed under different schemes and due to delay in receipt of funds some of these works were sanctioned under other schemes. Therefore after approval in President in Council (PIC) proposal for sanction of other works were sent to ZP. The reply is not acceptable as no further proposal for sanction of works were forwarded by the CMO, NP, Narharpur.

- In Raigarh district, during scrutiny of records of 14 GPs of JP Kharsia it was noticed that proposal for 36 works was submitted (February 2012) to the ZP for inclusion in the AAP for the year 2012-13. It was observed that out of these 14 GPs, the works proposed by two GPs were sanctioned. No proposed works were sanctioned in six GPs. In the remaining six GPs, works which were not proposed were sanctioned (**Appendix 4.2**).

---

<sup>12</sup> Kabir Ward, Jawahar Ward, Maharana Pratap Ward and Thakkar Bapa Ward

<sup>13</sup> i) CC road at Ward No. 14, 03, 09, 07 and 04-₹ 52.50 lakh, ii) Construction of culvert in Ward No. 3 and 15-₹ 88 lakh, iii) *Anganwadi* building at Ward No. 12-₹ 3.50 lakh, iv) Boundary wall at *Anganwadi* building Ward 4-₹ 2 lakh, v) Community Hall at Ward No. 1 and 15-₹ 8 lakh, vi) Welcome gate-₹ 34 lakh, vii) Extension of pipe line-₹ 15 lakh, viii) Construction of water tank (3 nos)-₹ 40 lakh and ix) Drilling of borewell in 7 Wards-₹ 3.50 lakh.

In reply, CEO ZP Raigarh stated (December 2013) that the works proposed by the agencies were included in the AAP. In some cases after receipt of revised proposals from the agencies, revised sanctions were issued. The reply is not acceptable. In six GPs documents in support of revised proposals received from GPs were not found on record.

#### **4.1.6.3 Non-preparation of sub-plans for SC/ST**

Separate sub-plans for ST and SCs were not prepared under BRGF during 2007-12 in any of seven test checked districts.

Paragraph 2.2 of the BRGF guidelines requires preparation of a separate sub-plan within the AAP of each Panchayat/ULB showing scheme-wise allocation for Scheduled Castes (SCs) and Scheduled Tribes (STs). Funds at-least in proportion of the population of these communities in the Panchayats/ULBs were to be provided under this sub-plan. Amenities such as schools, *Anganwadi*/health centres etc. were to be provided in the areas having substantial SC/ST population. No such sub-plan was prepared in the AAP of any of the test checked districts during 2007-12, even though SC/ST population of these districts ranged from 29 *per cent* to 82 *per cent* of the total population as per Census 2001. Out of the total AAP provision of ₹ 682.15 crore for 2007-08 to 2011-12 in these districts, provision for ₹ 378.59 crore was required to be earmarked for development of SCs/STs population. As against this, no provision was made for SC/ST. Only from the year 2012-13, scheme wise allocation for SC/ST has been made.

#### **4.1.6.4 Non-preparation of Perspective Plan**

Five year Perspective Plan under BRGF was not prepared despite release of ₹ 1.30 crore by GoI in October 2007.

BRGF guidelines (Paragraph 1.3) require preparation of a well conceived participatory District Development Perspective Plan for 2006-12 to address the backwardness issue. For this purpose, GoI released ₹ 1.30 crore at the rate of ₹ 10 lakh for each of the 13 Backward districts during 2007-08. Perspective plan for 2007-12 under BRGF was not prepared except in Bastar district. Thus, due to non preparation of perspective plan, there was delay in preparation of AAP as discussed in succeeding paragraph.

#### **4.1.6.5 Delayed preparation of Annual Action Plans**

AAPs under BRGF for 2007-08 to 2012-13 were prepared with delays ranging from 64 to 233 days.

To ensure timely flow of funds from GoI, AAPs under BRGF were required to be prepared, approved by the concerned District Planning Committee (DPC) and submitted to the State Government/GoI before commencement of the financial year. There were delays ranging from 64 to 233 days in preparation of AAPs and submission of district plans for 2007-08 to 2012-13 to GoI in the test checked districts. Due to delay in submission and approval of AAPs, there was delay in release of funds from GoI. As a result, the administrative sanction for the concerned year was accorded either at the last quarter of the financial year or in the next financial year.

#### **4.1.7 Policy framework and Institutional arrangements**

##### ***4.1.7.1 Absence of policy framework and non-issue of guidelines***

As per paragraph 1.8 and 1.9 of the BRGF guidelines, each State will indicate the normative formula that will be used for allocation of BRGF funds to each Panchayats and ULBs. Further as per paragraph 4.13, 4.14 and 4.15, a Quality Monitoring System, Review Committee and System of Social Audit were to be instituted. No separate guideline was issued by the State Government in this regard as detailed below:

- Inter se allocation of BRGF funds between different levels of Panchayati Raj Institutions (PRIs) was not done considering the backwardness index or level of development and addressing specific district wise priorities as required under Paragraph 1.9 of guidelines. In the absence of this, funds were allocated on the basis of proposals received from districts. Further, in the test checked districts, the development plans were prepared on the basis of area wise and population wise and not as per the backwardness index of the districts.
- The districts are required to earmark a reasonable percentage of funds towards performance incentive, based on specified criteria as per Paragraph 1.9 (c) of guidelines. No funds were earmarked for the same in any of the test checked districts.
- A Quality Monitoring System (QMS) which was to be regularly reviewed by the HPC was not prescribed. Though the QMSs were reported to have been set up at the district level, no supporting evidence were furnished to audit as discussed in **Paragraph 4.1.13.1**. Further the role of HPC was confined to approval of AAP only.
- Guidelines envisage conducting of social audit of BRGF works by Gram or Ward Sabhas in rural areas and Area Sabhas and Ward Committees in urban areas. During test check of records it was found that social audit was conducted for the works executed under the scheme in only 10 out of 140 selected GPs. It was stated that the social audit was conducted along with MGNREGS in 86 GPs. No supporting document was made available to audit. In the remaining 44 GPs, no social audit was conducted as discussed in **Paragraph 4.1.13.2**.
- Guidelines envisage Peer review of progress of works by Panchayats and at the district level a Review Committee to be constituted by the DPC to examine the peer review report prepared by Panchayats. There was no Review Committee and peer review. In Rajnandgaon and Surguja district, it was stated that Separate Review Committee was formed but minutes of meetings were not furnished to audit. It was stated by the other ZPs that the review of the scheme was monitored through regular time limit meeting, monthly meetings and District

level Vigilance and Monitoring Committee but no supporting documents were made available to audit.

On this being pointed out in audit (November 2013), no reply was furnished by the Director, PRD (January 2014).

#### 4.1.8 Weak institutional arrangements

##### 4.1.8.1 Technical and Professional support staff not posted at Block/GP level

Resource support at block and GP level was not provided

BRGF guidelines require providing specific staff to GPs i.e. a trained community level person to provide knowledge inputs to the community on agriculture, water management, livestock management, post-harvest management and agri-business, a gender empowerment community leader to undertake activity for female literacy and micro finance and one barefoot engineer to enhance local engineering capacity. Similarly, at the block level, one Panchayat Resource Centre (PRC) was to be set-up with one engineer (for preparation of estimate and monitoring quality of execution), an Accountant (to enforce financial discipline in block and GPs) and a social specialist (to conduct participatory planning by mobilising villagers to attend Gram Sabha/Ward Sabha etc). The guidelines also permitted utilisation of development grant up to five *per cent* (each district) for provision of adequate functionaries in the panchayats for planning and implementation.

During scrutiny of records, it was found that no such manpower was provided in any of the test checked blocks and GPs as of December 2013 except in Raigarh district where Data Entry Operator (DEO) in four JPs were appointed for BRGF.

##### 4.1.8.2 Technical and professional support to ULBs

Programme guidelines of BRGF {Para 1.6(a) and 3.22}, *inter alia* require provision of support staff at ULB level through contracting and outsourcing. During test check of records of ULBs in the test checked districts, it was noticed that no technical and professional support staff was appointed under BRGF for the execution of works and it was done through regular staff. In the absence of technical and professional support staff, the sanctioned works could not be completed in due time.

In reply, CEO, ZP Bastar, Kanker, Dantewada and Raigarh stated (November and December 2013) that due to non-receipt of instruction, separate technical staff had not been posted and the scheme works were being executed through the regular technical staff. CEO, ZP Surguja stated (January 2014) that, no separate technical staff were posted.

#### **4.1.9 Financial Management**

Under BRGF, funds aggregating ₹ 1401.07 crore were released by GoI for 15 BRGF districts during 2007-13, against which ₹ 1285.97 crore was utilised up to March 2013 as indicated in the **Table-4.1**.

**Table 4.1: Receipt and utilisation of funds under BRGF during 2007-13**

(₹ in crore)

Year	Opening Balance	Grants received	Other Receipts	Total funds available	Expenditure	Closing balance
2007-08	0.00	224.92	0.56	225.48	129.59	95.89
2008-09	95.89	192.45	3.53	291.87	102.46	189.41
2009-10	189.41	207.60	4.42	401.43	307.36	94.07
2010-11	94.07	263.36	9.13	366.56	211.01	155.55
2011-12	155.55	246.94	9.09	411.58	250.16	161.42
2012-13	161.42	231.66	7.41	400.49	285.39	115.10
<b>Total</b>		<b>1366.93</b>	<b>34.14</b>		<b>1285.97</b>	

Source: Information furnished by PRD

It may be observed that out of total available funds of ₹ 1401.07 crore, ₹ 1285.97 crore was utilised during 2007-08 to 2012-13.

Review of the financial management under BRGF revealed the following deficiencies.

##### **4.1.9.1 Differences in the opening and closing balances**

Scrutiny of the information provided by the Director, Panchayat and Rural Development Department regarding district wise allotment and expenditure under BRGF during 2007-08 to 2012-13 revealed that there were discrepancies in the opening balance and closing balance of the respective years as detailed below:

**Table 4.2: Differences in opening and closing balances**

(₹ in crore)

Year	O. B.	Actual OB	Difference in OB	Receipt of grant	Other receipt	Total availability	Actual availability	Expenditure	Closing balance	Actual CB	Difference of CB
2007-08	0.00	0.00	0.00	224.92	0.56	225.48	225.48	129.59	95.89	95.89	0.00
2008-09	105.71	95.89	9.82	192.45	3.53	301.69	291.87	102.46	199.23	189.41	9.82
2009-10	199.83	189.41	10.42	207.60	4.42	411.85	401.43	307.36	104.49	94.07	10.42
2010-11	98.26	94.07	4.19	263.36	9.13	370.75	366.56	211.01	159.74	155.55	4.19
2011-12	166.93	155.55	11.38	246.94	9.09	422.96	411.58	250.16	172.80	161.42	11.38
2012-13	171.30	161.42	9.88	231.66	7.41	410.37	400.49	285.39	124.98	115.10	9.88
2013-14	96.41	115.10	-18.69	56.89	1.07	154.37	173.06	58.22	96.15	114.84	-18.69
<b>Total</b>				<b>1423.81</b>	<b>35.22</b>			<b>1344.18</b>			

Source: information provided by the Director, PRD



It is evident from the above table that there was persistent difference between the closing balance of a year and opening balance of the successive year. This is indicative of absence of mechanism for periodical reconciliation of the figure.

On this being pointed out in audit (November 2013), no reply was furnished by the Director, PRD (January 2014).

#### **4.1.9.2 Delay in release of fund by the State Government**

**BRGF funds of ₹ 686.62 crore was released to 15 districts after a delay of 14 to 77 days and ₹ 1.34 crore paid as penal interest due to delay in transfer of fund to ZPs.**

As per paragraph 4.6 of BRGF guidelines, the fund should be transferred to the Panchayats, Municipalities and other implementing agencies within 15 days of the releases of funds by GoI failing which a penal interest equal to RBI rate shall be required to be transferred by the State Government to PRIs/ULBs along with such delayed transferred of fund. It was noticed that there was delay ranging from 14 to 77 days in transferring BRGF funds amounting to ₹ 686.62 crore to all BRGF districts during 2007-12 by the State Government. The State Government made payment of penal interest amounting to ₹ 1.34 crore<sup>14</sup> to PRIs/ULBs. This not only resulted in delay in release of fund to ZPs but also delayed release of funds from ZP to JPs and other implementing agencies as shown in the succeeding paragraph.

On this being pointed out in audit (November 2013), no reply was furnished by the Director, PRD (January 2014).

#### **4.1.9.3 Belated transfer of funds by the ZP to PRIs/ULBs**

As per paragraph 4.7 of the BRGF guidelines, fund received from the State Government is to be released immediately to the Panchayats and implementing agencies after the sanction of the works either in full or in instalments.

**BRGF funds of ₹ 30.17 crore were transferred to concerned PRIs and ULBs after one to 32 months of delay.**

During scrutiny of records of the selected ZPs, it was noticed that funds amounting to ₹ 30.17 crore were provided to the JPs and other implementing agencies with delay ranging from one to 32 months. Due to this, the sanctions for the works approved in AAPs were also issued with delay.

In reply, CEO, ZP Bastar and Bilaspur stated (November 2013) that the AAPs of all districts are approved in HPC meeting held on the date decided at the state level for approval of AAP of the whole state. After approval of AAP it was forwarded to GoI and action was initiated after receipt of funds from the State Government. CEO, ZP Dantewada and Raigarh stated (December 2013) that due to delay in receipt of funds from GOI/State Government, sanctions were issued with delay. CEO, ZP Rajnandgaon stated (October 2013) that funds were released to the PRIs/ULBs immediately after receipt of allotment.

<sup>14</sup> Bastar-₹ 12 lakh, Bilaspur-₹ 20.70 lakh, Dantewada-₹ 10.45 lakh, Dhamtari-₹ 13.67 lakh, Jashpur-₹ 6.28 lakh, Kabirdham-₹ 10.20 lakh, Kanker-₹ 5.03 lakh, Korba-₹ 13.38 lakh, Korea-₹ 4.52 lakh, Mahasamund-₹ 5.11 lakh, Raigarh-₹ 6.43 lakh, Rajnandgaon-₹ 12.32 lakh and Surguja-₹ 14.33 lakh

The replies of CEOs are not acceptable. The delay in release of funds by GoI was mainly due to delay in submission of AAPs. No replies were furnished by the CEOs of ZPs of Kanker and Surguja (January 2014).

#### **4.1.9.4 Non-refund of interest earned**

As per paragraph 4.9 of the BRGF guidelines, interest amount accrued on the funds is to be treated as additional resources and to be utilised as per the BRGF guidelines.

**Interest of ₹ 64.41 lakh earned under BRGF was not refunded to ZP by test checked units.**

During test check of records of the 51 implementing agencies, it was noticed that in 17 units<sup>15</sup> interest amounting to ₹ 64.41 lakh was credited by the bank and were accounted for in the Cash Books. However, the same was not refunded to the ZPs.

In reply, CEO ZP Bastar, Dantewada, Raigarh and Rajnandgaon stated (November and December 2013) that the interest earned on the saving account would be received back from the agencies. CMO, NP, Narharpur stated (November 2013) that after receipt of information from ZP Kanker necessary action would be taken. CMO, NP, Geedam stated (December 2013) that a proposal for utilisation of the interest amount in procurement of Computer and Photocopier was forwarded to the Collector, Dantewada.

The reply is not acceptable. Had the interest earned been refunded by the implementing agencies, the same could have been utilised for other works sanctioned in the AAP of the respective years.

#### **4.1.9.5 Loss of interest due to deposit of scheme funds in non-interest bearing and joint accounts**

As per paragraph 4.8 of the BRGF guidelines, BRGF funds should be kept in a separate bank account in Nationalized Bank or Post Office.

**₹ 1.34 crore under BRGF was parked in non-interest bearing accounts and ₹ 7.63 crore was kept in joint bank account in violation of instructions.**

Scrutiny of records of the implementing agencies revealed the following:

- In violation of the above guidelines, instructions were issued (August 2010) by the Chief Engineer, Rural Engineering Services (RES), Raipur, that the funds received for all the works executed by the department as deposit works, should be deposited in 8443 and 8782- Civil Deposit through Challan in Treasury. Similarly, the same procedure was also found in practice in Public Works Department (PWD), Public Health Engineering (PHE) and Water Resource Department (WRD).

---

<sup>15</sup> CMO, NPP-Dongargarh-₹ 8.16 lakh and Kanker-₹ 13.48 lakh, CMO NP- Ambagarh Chowki-₹ 3.79 lakh, Bastar-₹ 1.27 lakh, Bhanupratappur-₹ 2.45 lakh, Charama-₹ 4.20 lakh, Dongargaon-₹ 4.50 lakh, Geedam-₹ 3.42 lakh, Pussore-₹ 1.44 lakh, Pakhanjoor-₹ 1.87 lakh, Narharpur-₹ 2.09 lakh and Sukma-₹ 1.48 lakh, JP-Chhingharh-₹ 3.40 lakh, Assitant Commissioner, Tribal-Dantewada-₹ 1.51 lakh and Kanker-₹ 3.68 lakh, Dy. Director, Horticulture Kanker-₹ 1.39 lakh and Divisional Forest officer, Bastar-₹ 6.27 lakh

- It was noticed that 22 works valuing ₹ 2.88 crore sanctioned during the year 2007-08 to 2008-09 were completed by the EE, RES, Rajnandgaon after incurring expenditure of ₹ 2.59 crore. The unspent amount of ₹ 29 lakh was not refunded to the ZP Rajnandgaon even after lapse of more than four years resulting in loss of interest of ₹ 4.42 lakh (simple bank interest at the rate of 4 per cent per year).
- In Raigarh district, it was noticed that as against the sanctioned amount of ₹ 145.40 lakh provided (October 2010) to EE, PWD, Raigarh for construction of Training/Development building at Collectorate, only ₹ 40.73 lakh was utilised by the department as of December 2013. As the unutilised amount was not deposited in a bank account, there was loss of interest of ₹ 3.84 lakh (calculated at the rate of 4 per cent per annum).
- It was noticed in Commissioner, MC, Raigarh that fund amounting ₹ 19.13 lakh for construction of 21 *Anganwadi* Centres was provided (February 2008) by ZP Raigarh. Due to non-commencement, the amount was returned (May 2013) after delay of more than five years. Since the BRGF funds were deposited in the account where funds received from other schemes were deposited, the interest of ₹ 3.83 lakh on BRGF funds was not credited to BRGF funds.
- CEO, ZP Kanker released funds aggregating ₹ 1.40 crore to Deputy Director Agriculture (DDA), Kanker for drilling of 175 tube wells in July 2012. Out of this, only ₹ 13.19 lakh (nine *per cent*) was utilised by the department till the date of audit (November 2013). Since the balance amount of ₹ 1.27 crore of BRGF funds were deposited in the account where funds received from other schemes were deposited, the interest of ₹ 6.77 lakh on BRGF funds was not credited to BRGF funds.
- CEO, ZP Dantewada released fund aggregating ₹ 88.77 lakh to EE, Chhattisgarh Rural Road Development Authority, Dantewada during 2010-11 to 2012-13. These funds were not utilised for one to 20 months. Since the BRGF funds was deposited in the account where funds received from other schemes were deposited, the interest of ₹ 0.83 lakh on BRGF funds was not credited to BRGF funds.
- CEO, ZP Bastar released fund aggregating ₹ 5.28 crore to the Commissioner, MC, Jagdalpur during 2007-08 to 2012-13. These funds were not utilised for one to 12 months. Since the BRGF funds were deposited in the account where funds received from other schemes were deposited, the interest of ₹ 3.07 lakh on BRGF funds was not credited to BRGF funds.

In reply, CEO, ZP Rajnandgaon stated (October 2013) that instruction have been issued to the implementing agencies for opening of separate bank account. CEO, ZP Dantewada stated (December 2013) that permission of Finance Department is required for opening of separate account. Hence fund

was kept in Deposit head. CEO, ZP Raigarh stated (December 2013) that letter has been issued for returning the interest amount. The above replies confirm non-compliance of the BRGF guidelines. No replies were furnished by the CEOs of ZPs of Bastar and Kanker (January 2014).

#### **4.1.9.6 Parking of scheme funds in fixed deposits**

As per the provisions of BRGF guidelines, after approval of AAP the fund is to be provided to the implementing agencies by the ZPs. As per the conditions of administrative approval issued by the ZP the sanctioned amount is to be utilised for the work for which it is sanctioned.

**₹ 1.50 crore under BRGF was kept in fixed deposit.**

During scrutiny of the records, it was noticed that during the period 2007-08 to 2009-10, CEO, ZP Rajnandgaon released fund amounting to ₹ 4.54 crore to the Commissioner, MC, Rajnandgaon for execution of 82 works under BRGF. Out of this, ₹ 1.50 crore was kept (December 2010) in fixed deposit in Bank of Baroda till the date of audit.

In reply, CEO, ZP Rajnandgaon stated (November 2013) that reply would be furnished after receipt of information from the Commissioner, MC, Rajnandgaon. The above reply confirms lack of monitoring in utilisation of funds by the CEO, ZP Rajnandgaon.

#### **4.1.9.7 Submission of incorrect/inflated UCs and irregular treating of advance as final expenditure under BRGF**

**₹ 31.47 crore lying unspent in bank account of selected 12 JPs was treated as final expenditure and inflated UCs were submitted.**

As per paragraph 4.5 of BRGF guideline and GoI instruction (October 2008), utilisation certificates (UC) are to be submitted in support of non-diversion, non-embezzlement and non-treatment of advance as final expenditure.

During scrutiny of records in all the selected districts excluding Bastar, it was noticed that after release of fund to the implementing agency, the balance amount left with ZPs was shown in the UCs sent to GoI. Similarly, the unutilised amount left with the implementing agencies at the end of financial year was not taken in to account. In test check of records of the 12<sup>16</sup> selected JPs, it was found that unspent amount ranging from ₹ 3.84 crore to ₹ 7.36 crore<sup>17</sup> was available with the JPs at the end of respective years, but the same was shown as final expenditure in the UCs. Similarly, the unutilised amount lying in the Bank Accounts of the implementing agencies and ULBs was also shown as utilised in the UCs.

In ZP Rajnandgaon, it was noticed that the unspent balance shown in the UCs submitted to GoI for the year 2010-11 to 2012-13 did not match with the

---

<sup>16</sup> Batauli, Bilha, Bhanupratappur, Dongargaon, Geedam, Khairagarh, Kharsia, Marwahi, Narharpur, Pussore, Rajpur, Sukma

<sup>17</sup> In 2008-09-₹ 3.84 crore, 2009-10-₹ 6.64 crore, 2010-11-₹ 7.36 crore, 2011-12-₹ 5.88 crore and 2012-13-₹ 6.32 crore

actual amount available in the cash book as detailed below:

**Table 4.3: Details of balances shown in UC, MPR and Cash books**

(₹ in crore)

Year	Balance as per UC	Balance as per MPR	Balance as per cash book	Difference
2010-11	9.75	9.75	10.33	0.58
2011-12	17.11	17.11	17.70	0.59
2012-13	2.07	2.07	2.73	0.67
<b>Total</b>				<b>1.83</b>

Source: As per information furnished by the ZP

It is evident from the above table that to get the next instalment of funds, excess utilisation of ₹ 1.83 crore was mentioned in the MPR and UCs were submitted to GoI.

In reply, CEO, ZP Rajnandgaon, Raigarh and Dantewada stated (October and December 2013) that in absence of clear instruction regarding submission of UC and conducting of CA Audit of all implementing agencies, only the unspent balance available with ZP was shown in the UC. The replies are not acceptable. The unspent balance of ₹ 31.47 crore was not to be treated as final expenditure as per GoI instruction. Thus, inflated UCs were submitted to get the next instalment from GoI.

#### 4.1.9.8 Submission of incorrect UCs under RSVY

Rastriya Sam Vikas Yojna (RSVY) was implemented in eight districts<sup>18</sup> and GoI released ₹ 360 crore during the period 2003-04 to 2007-08. The scheme was implemented in six<sup>19</sup> out of seven test checked districts. Scrutiny of the records revealed the following:

- In Rajnandgaon district, it was noticed that in compliance to the instruction of submission of final UCs of balance funds of RSVY funds by the State Government, the CEO, ZP Rajnandgaon submitted (May 2012) the final UCs with nil balance. During scrutiny of records it was found that an amount of ₹ 1.11 crore was provided to Chhattisgarh State Power Distribution Company Limited (CSPDCL), Rajnandgaon (March 2012) for 430 electrification works. Out of this ₹ 31.38 lakh was not utilised by the CSPDCL as of October 2013 and 215 works were in progress. Despite non-utilisation of the funds on the works, final UC with nil balance was submitted to GoI.
- In Kanker district, it was noticed that CEO, ZP Kanker had submitted (May 2012) final UC with nil balance. During scrutiny of records it was

<sup>18</sup> Bastar, Bilaspur, Dantewada, Jashpur, Kabirdham, Kanker, Rajnandgaon and Surguja

<sup>19</sup> Bastar, Bilaspur, Dantewada, Kanker, Rajnandgaon and Surguja

found that ₹ 36.83 lakh released (May 2012) to Six JPs<sup>20</sup> for construction of 77 houses for Naxal affected families of which no expenditure was incurred by the CEO, JP Bhanupatappur even after lapse of 11 months. Also, an amount of ₹ 6.79 lakh sanctioned for 14 houses was returned (April 2013) to ZP Kanker and amount of ₹ 97,000 sanctioned for two houses was available with JP as of November 2013. However UC for 100 per cent expenditure was sent to GoI which was irregular.

Apart from this, in Bastar district, it was found that as against the fund of ₹ 45.91 crore (including other receipt of ₹ 90.58 lakh) received from GoI, UC for expenditure of ₹ 45.68 crore (up to December 2011) was submitted by the ZP Bastar (December 2011). However the UC for ₹ 23 lakh was not submitted to GoI till the date of audit (November 2013). The receipt and expenditure of funds under scheme in Bilaspur, Dantewada and Surguja districts could not be ascertained as no records were produced to audit.

In reply, CEO, ZP Rajnandgaon stated (October 2013) that after release of funds to the agencies, there was no balance at ZP level. Hence, UC for utilisation of whole amount was sent to GoI and letter has been issued to SE, CSPDCL, Rajnandgaon for completion of balance works. Whereas no replies were furnished by the CEO, ZP Bastar and Kanker (January 2014).

#### **4.1.9.9 Diversion of funds**

As per GoI instruction (October 2008), funds under the scheme are released on the basis of AAP and the non-diversion certificate and non-embezzlement certificate are required to be submitted along with UC. Further as per the conditions of the sanction order issued by the ZPs, the released amount is to be utilised for the sanctioned work only. Scrutiny of records of the implementing agencies revealed the following:

**₹ 117.51 lakh diverted for other purposes during 2007-13 remained un-recouped as of October 2013.**

- In NP, Lormi, it was noticed that out of the fund amounting to ₹ 32.50 lakh released for nine approved works, an amount of ₹ 14.52 lakh was incurred on the pay and allowances of the regular employees through eight vouchers between June 2009 and January 2010 in violation of GOI above guidelines

In reply, CEO, ZP Bilaspur accepted the observation and stated (November 2013) that due to urgency, the BRGF fund was utilised for pay and allowance of staff and the demand for allotment of fund was forwarded to the Government.

In ZP Raigarh as per AAP 2013-14, administrative sanction of ₹ 50 lakh was issued (May 2013) for distribution of Solar Study Lamp and Task Light to

---

<sup>20</sup> Antagarh-₹ 19.40 lakh for 40 houses, Bhanupratappur-₹ 7.76 lakh for 16 houses, Charama-₹ 4.96 lakh for 10 houses, Kanker-₹ 1.46 lakh for 04 houses, koyalibeda-₹ 1.45 lakh for 03 houses and Narharpur-₹ 1.80 lakh for 16 houses



selected beneficiaries of five<sup>21</sup> blocks (₹ 10 lakh for each block) and ₹ 25 lakh (50 *per cent* of the sanctioned cost) was released (May 2013) to Chhattisgarh State Renewable Energy Development Agency (CREDA), Raigarh. Scrutiny of records revealed that CREDA issued work order for 4700 Task Lights at the rate of ₹ 750 each to M/s Naino Bright Solar Technology Private Limited, Hyderabad on 28 May 2013. The task lights were supplied by the firm in June 2013. Further scrutiny revealed that instead of distribution of the procured Task Light under BRGF, 3144 Task Lights<sup>22</sup> valuing ₹ 23.58 lakh were provided to five selected blocks under “Chhattisgarh Chief Minister Mobile Solar Lamp Scheme” by CREDA which were distributed during June and September 2013. Thus BRGF funds were diverted to other State Scheme.

On this being pointed out in audit (December 2013), no reply was furnished by the CEO, ZP Raigarh (January 2014).

- In ZP Bilaspur it was found that 16 bills amounting to ₹ 1.26 lakh pertaining to Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) were paid from BRGF fund on 29 March 2012 which remained un-recouped as of October 2013.

In reply, CEO, ZP Bilaspur stated (November 2013) that the expenditure was incurred for meeting expenses and vehicle hired for visit under BRGF. The reply is not acceptable as the vouchers produced to audit by the CEO, ZP Bilaspur showed that the expenditure was incurred on items relating to MGNREGS such as name plate for Lokpal, Tender notice etc. and were not connected with implementation of BRGF.

- In ZP Raigarh, it was found that in 10 cases, an amount of ₹ 12.63 lakh was paid for electricity, drinking water arrangement, vehicle rent, Air Conditioner purchase, repair and BSNL lease line during 2009-10 to 2012-13 which were not admissible under the scheme.

In reply, CEO, ZP Raigarh stated (December 2013) that due to non-availability of funds under administrative head in MGNREGS, payment for BSNL lease line was made from BRGF and other payments were made for requirement and vehicle hired for field visit. It was further stated that the payment for BSNL lease line would be recouped. The reply is not acceptable as the inspection reports or tour programme of field visits were not submitted in support of vehicle hired.

In CMO, NPP, Mungeli, it was noticed that during the period 2007-08 to 2012-13, ZP Bilaspur provided ₹ 130.67 lakh for 26 works sanctioned under

<sup>21</sup> Dharamjaigarh, Gharghoda, Kharsia, Lailunga and Tamnar

<sup>22</sup> Dharamjaigarh-635, Gharghoda-509, Kharsia-657, Lailunga-518 and Tamnar-825

the scheme. As per the progress report submitted by the CMO, Mungeli, out of 26 works sanctioned, 12 works were taken up and expenditure of ₹ 78.37 lakh was incurred till October 2013. Unspent amount of ₹ 52.30 lakh should have been available with the agency. However as per bank statement (08 October 2013), only ₹ 22.31 lakh (including bank interest of ₹ 52,824) was available. Thus, an amount of ₹ 30.52 lakh remained unaccounted for.

On this being pointed out in audit (October 2013), no reply was furnished by the CEO, ZP Bilaspur and CMO, NPP, Mungeli (January 2014).

- In JP Dongargaon of district Rajnandgaon, it was found that BRGF funds amounting to ₹ 35 lakh<sup>23</sup> provided for execution of sanctioned works were diverted to MGNREGS which were recouped after four to five months.

In reply, CEO JP Dongargaon stated (October 2013) that the advance was provided for wage payments and other construction works.

#### **4.1.9.10 Non-refund of unspent balances**

As per paragraph 4.7 of the BRGF guidelines, the sanctioned amount is provided to the implementing agencies against the work approved in the AAP and after completion of work, the unspent amount should be refunded to the ZP so that it would be utilised under the programme.

During scrutiny of records of the test checked districts and progress report submitted by the implementing agencies, it was noticed that out of ₹ 53.43 crore provided to 47 implementing agencies<sup>24</sup> by the ZPs for execution of 815 works during the period 2007-08 to 2012-13, all these works were completed after incurring expenditure of ₹ 44.07 crore. The unspent amount of ₹ 9.36 crore was not refunded to the ZPs even after lapse of one to four years (*Appendix 4.3*).

In reply, CEO, ZP Rajnandgaon, Dantewada, Raigarh and Surguja stated (November and December 2013) that instruction has since been issued to the implementing agencies for refund of the unspent balances. No replies were furnished by the CEO, ZP Bastar, Bilaspur and Kanker (January 2014).

Unspent balance of ₹ 9.36 crore under BRGF was not refunded to ZPs by test checked units.

---

<sup>23</sup> ₹ 10 lakh on 02 June 2008 was adjusted on 04 November 2008 and ₹ 25 lakh on 13 March 2010 was adjusted on 03 August 2010.

<sup>24</sup> Commissioner MC-Bilaspur, Jagdalpur and Rajnandgaon, CMO NPP-Kanker, CMO NP-Ambagarh Chowki, Bastar, Barsoor, Bodari, Dongargaon, Gandai, Geedam, Lakhanpur, Lormi, Narharpur, Pakhanjur and Ratanpur, EE, RES-No.1 Ambikapur, Dantewada, Raigarh, Rajnandgaon and Sukuma, EE, PHE- Dantewada Raigarh and Rajnandgaon, DDA-Bilaspur, Dantewada and Kanker, ACTD- Ambikapur, Dantewada and Kanker, JP-Charama, Dantewada, Geedam, Katekalyan, Kuwakonda, Mainpat, Sukuma and Surajpur, EE WRD No.1-Ambikapur and Dantewada, EE, PWD-Dantewada, No.1-Jagdalpur and Khairagarh, DDH-Dantewada, Dy. Director Veterinary-Dantewada, DFO-Dantewada and SE, CSPDCL-Rajnandgaon.

#### 4.1.9.11 Non-adjustment of advances

As per Rule 53 (4) of Part-1 of Chhattisgarh Treasury Code, all the advances must be adjusted within three months from the date of advance provided or before the closure of the financial year whichever is earlier.

Scrutiny of cash book and advance register of CEO JP Dongargaon of district Rajnandgaon revealed that the temporary advances amounting to ₹ 3.13 lakh paid to nine officials from BRGF fund between February 2009 and September 2013 were not adjusted as of November 2013. It was also noticed that further advances totalling ₹ 1.25 lakh<sup>25</sup> were provided to four officials without ensuring the adjustment of previous advances of ₹ 0.66 lakh<sup>26</sup>.

Similarly, in Kanker district it was found that as per AAP, an amount of ₹ 6.49 crore was provided to Deputy Director Agriculture, Kanker during 2009-10 to 2012-13 of which ₹ 15.79 lakh was paid as advance to nine officials for construction of vermi compost tank and fencing work between March 2010 and September 2013. The above advances were not adjusted as of November 2013 even after lapse of nine to 45 months.

On this being pointed out in audit (October and November 2013), no replies were furnished by the CEO, JP Dongargaon and CEO, ZP Kanker (May 2014).

#### 4.1.9.12 Non-recovery of fund fraudulently withdrawn

As per AAP for 2011-12, ₹ 19.33 lakh was provided to CMO, NP, Tifra for three works<sup>27</sup> by the CEO, ZP Bilaspur. During scrutiny of records it was noticed that one cheque no. 133271 of State Bank of India BRGF account was stolen by one Shri Raja Pandey and ₹ 9 lakh was fraudulently withdrawn on 27 April 2012. This indicates absence of internal control mechanism in the CMO's office regarding safe custody of cheque books. Though the department had lodged FIR (May 2012), it could recover ₹ 7.50 lakh (September 2012) and the remaining amount of ₹ 1.50 lakh was not recovered as of October 2013 even after lapse of more than one year.

On this being point out in audit (October 2013), no reply was furnished by the CMO, NP, Tifra and CEO, ZP Bilaspur (January 2014).

#### 4.1.9.13 Non-recovery of excess amount paid to Gram Panchayats

As per procedure followed by the department, 40 per cent of the sanctioned cost is to be released to the GPs in advance and after receipt of utilization of

<sup>25</sup> H.L.Netam-₹ 40,000, K.L.Mandavi-₹ 40,000, K.L.Soni-₹ 20,000 and O.P.Jain-₹ 25,000

<sup>26</sup> H.L.Netam-₹ 9000, K.L.Mandavi-₹ 8000, K.L.Soni-₹ 9000 and O.P.Jain-₹ 40,000

<sup>27</sup> Extension of electrification in different Ward-₹ 9.33 lakh, Construction of *Sulabh* Complex at *Gokne Nala*-₹ 5 lakh and Construction of *Sulabh* Complex between Mandol and Indrapuri-₹ 5 lakh

released funds or valuation of the work, further 40 *per cent* is to be released and after final valuation, balance amount is to be paid.

During scrutiny of records of CEO, JP Marwahi (district Bilaspur) it was noticed that during the year 2007-08, four works<sup>28</sup> were sanctioned (three of GP Lohari and one of GP Parasi) for ₹ 14 lakh and advance of ₹ 6.48 lakh was provided for the works. Further it was seen that out of the four works, one works of GP Parasi and one work of GP Lohari were not taken up and value of remaining two works, taken up by GP Lohari, was ₹ 3.27 lakh. Thus advance of ₹ 3.21 lakh (₹ 6.48 lakh - ₹ 3.27 lakh) was recoverable as on October 2013 from the GPs.

In reply, CEO JP Marwahi stated (October 2013) that recovery of ₹ 0.54 lakh has since been made from GP Parasi and the case has been forwarded to the Sub-Divisional Magistrate, Pendra for recovery of the balance ₹ 2.67 lakh.

### **Programme management**

BRGF programme has two components, one for ‘Developmental Grant’ meant for infrastructure development and other developmental needs and the other for ‘Capacity Building Grant’ to be utilised for providing professional support to Local Bodies for planning, implementation and monitoring purpose as well as to impart training for capacity building of the PRI/ULB members/staff.

#### **4.1.10 Developmental grants**

During the period 2007-08 to 2012-13, fund aggregating ₹ 1401.07 crore under developmental grant component of BRGF was released by GoI to 15 districts of the State, of which ₹ 1285.97 crore was utilised as of March 2013. This grant was to be utilised for creation of critical infrastructure and other developmental needs of the districts. A review of utilisation of BRGF developmental grants revealed the following deficiencies:

##### **4.1.10.1 Incorrect reporting of works**

As per paragraph 4.16 of the BRGF guidelines, progress reports are to be submitted in prescribed formats and GoI has prescribed two formats in which physical and financial progress reports of the works are to be submitted every month.

During scrutiny of the records and monthly progress report submitted by the test checked districts, it was noticed that the physical status of the following three works pertaining to the period 2007-08 were shown as complete, although incomplete, by the ZPs of three districts (Bastar, Dantewada and Raigarh) as discussed in **Paragraph 4.1.10.8** (Sl. No. 1 and 2) and **Appendix 4.9** (Sl. No. 3)

---

<sup>28</sup> Sub health centre-₹ 6 lakh, SHC market shop-₹ 1 lakh, Additional room at SHC-₹ 2 lakh in GP Lohari and CC road at GP Parasi-₹ 5 lakh

**Table 4.4:-Details of incomplete works sanctioned during 2007-08 reported as completed**

(₹ in lakh)

Sl. No	District	Block	GP	Name of agency	Name of work	Sanctioned amount	Expenditure
1	Bastar	Bastanar	Mootanpal	EE, PWD No.2, Jagdalpur	PHC building including G and H type staff quarters	34.85	16.72
2	Raigarh	Kharsia	Chhote Devgaon	EE, RES, Raigarh	Sub Health Centre	6.10	2.69
3	Dantewada	Geedam	Tumdiguda	GP	Anganwadi building	2.25	0.60

Source:- Compiled by audit

Similar discrepancies in the status of works sanctioned during 2008-09 and 2009-10 were also noticed in CEO, ZP Dantewada, where 12 works though reported as complete in MPR were incomplete till the date of audit (December 2013).

In AAP 2007-08 of ZP Rajnandgaon, 516 houses involving ₹ 1.29 crore (at the rate of ₹ 25,000 per house) were sanctioned under BRGF. These houses were reported completed in the MPR submitted to GoI. In test check of JP Dongargaon and JP Khairagarh we observed the following:

During scrutiny of records of CEO, JP Khairagarh it was found that out of 67 houses sanctioned, 33 houses were cancelled due to non-commencement of work by the beneficiaries and in the remaining 34 houses, only 50 per cent expenditure (₹ 4.25 lakh) was incurred. During joint physical verification of one site at GP Dholiakanhar, it was found that after completing works up to wall level, the beneficiary left the village.

**Photograph of incomplete house at Dholiakanhar GP of Khairagarh JP sanctioned under BRGF during 2007-08 shown as complete in MPR**



In reply, CEO, JP Khairagarh stated (November 2013) that out of 67 works, 33 were cancelled and the amount provided to GPs would be recovered and the remaining 34 works were physically completed but second instalment at the rate of ₹ 12,500 was not released.

The reply furnished by CEO, JP regarding completion of houses is not correct in view of the incomplete house found during joint physical verification.



Similarly in CEO, JP Dongargaon, it was found during joint physical verification of one site at GP Khursipar that the construction of house was completed up to wall level even though the entire expenditure was shown in the MPR.

**Photographs of incomPLETED house at Khursipar GP of Dongargaon JP sanctioned under BRGF during 2007-08 reported as complete in MPR**



Further, in GP Rupakathi under JP Dongargaon, the house sanctioned to a beneficiary was not constructed as the sanctioned amount was not provided to the beneficiary.

It is evident from the above that inflated physical reports were submitted by the districts to GoI for further allotment of funds.

**4.1.10.2 Expenditure on inadmissible works**

As per paragraph 4.31 of BRGF guidelines, development funds are to be used for filling critical gaps vital for development in spite of other major interventions. Panchayats and Urban Local Bodies may use these funds for any purpose coming within the functions that are devolved to them in the Eleventh and Twelfth Schedule of the Constitution. The funds may not be used for construction of religious structures, structures in the premises of religious institutions, construction of welcome arches or similar such activities.

**In test checked units, ₹ 21.69 crore was irregularly spent on inadmissible works.**

During scrutiny of records of the test checked districts, it was noticed that contrary to GoI guidelines, 442 inadmissible works like Government office buildings and Staff quarters, Meeting hall, Mukti Dham, Dining hall, Vehicle shade in Ward 10, Helipad, Boundary wall at Government Colony, Electricity and water supply arrangement for Navratri Festival and Shade construction on the up and down stairs of Dongargarh Temple, repair and maintenance of Government quarters, Solar power plant in Government offices etc. valuing ₹ 21.69 crore were taken up during the year 2007-08 to 2012-13 under BRGF (*Appendix 4.4*).



Some other cases noticed during audit are discussed below:

- In Bilaspur district, construction of three Revenue Inspector/*Patwari* training centres valuing ₹ 49.32 lakh included in AAP of ZP Bilaspur for the year 2009-10 were sanctioned for execution by the Commissioner, MC, Bilaspur. Scrutiny of the progress report submitted by the MC, Bilaspur revealed that the work was completed after incurring expenditure of ₹ 52.27 lakh but the records of the same were not made available to audit. During joint physical verification of the site (October 2013), it was found that instead of construction of Revenue Inspector (RI)/ *Patwari* training centre, Meeting Hall “Manthan” at Collectorate campus was constructed and no information board was found at the work site.

**Photographs of the Meeting hall (Manthan) at Collectorate campus constructed in the name of RI/*Patwari* training under BRGF**



On this being pointed out in audit (October 2013), no specific reply was furnished by the CEO, ZP Bilaspur (December 2013).

- In Bilaspur district, the work “construction of Child training centre” at Torva with an estimated cost of ₹ 1.40 crore was included in AAPs<sup>29</sup> of 2007-08 to 2011-12 and was sanctioned for execution by the Commissioner, MC Bilaspur. During scrutiny of records it was found that as per the detailed estimate of the work, the following works were to be executed in different parts:
  1. Part-I “construction of Big Hall of 60 feet X 130 feet size with Stage”
  2. Part-II “construction of three sides Veranda up to plinth level and flooring of existing hall”
  3. Part-III “Slab of three sides Veranda and Porch”
  4. Part-IV “construction of Drain, Parapet wall, six Rooms and Toilets”

It is evident from the detailed estimate, drawing/design and note sheet of the sanctioned work that instead of construction of Child training centre, a big Community hall was being constructed. This was also confirmed during joint physical verification of the work site. Expenditure of ₹ 1.33 crore was incurred

<sup>29</sup> 2007-08-₹ 50 lakh, 2008-09-₹ 40 lakh, 2010-11-₹ 20 lakh and 2011-12-₹ 30 lakh

on the work till October 2013. No information board was also found at the work site.

**Photographs of the Community Hall constructed in the name of Child training centre at Torva (Bilaspur) under BRGF**



On this being pointed out in audit (October 2013), no specific reply was furnished by the CEO, ZP Bilaspur (November 2013).

- In Raigarh district, sanction of ₹ 1.45 crore for “construction of Development/Training centre” at the Collectorate premises was issued under AAP 2009-10 by the ZP Raigarh in October 2010 to EE, PWD, Raigarh. During scrutiny of records of EE, PWD Raigarh it was noticed that as per drawing, design and detailed estimate of the work, it was to be constructed in two floors with the following specifications:

1. Ground floor- Meeting hall, two Veranda, Office room, Store, Kitchen and Toilet
2. First floor- Hall, Five Bed rooms with attached sitting room and Toilet.

It is evident from the detailed estimate and drawing/design of the sanctioned work that a big Meeting hall and five bedrooms with attached Kitchen and Toilet was being constructed instead of construction of Development/Training centre. This was also confirmed during joint physical verification of the work site. No information board was found at the work site. Further scrutiny revealed that the work order for construction of the same was issued (March 2011) for completion within 12 months including rainy season but the work was not completed even after delay of more than 20 months and only ₹ 40.73 lakh (28 *per cent*) was spent on the work as of December 2013.

**Photographs of construction of Development/Training building at the Collectorate campus Raigarh sanctioned under BRGF during 2010-11**



In reply, CEO ZP Raigarh stated that the above work was sanctioned as per the proposal received from EE PWD, Raigarh. The facts remains that a big Meeting hall and five bedrooms with attached kitchen and toilet was being constructed in the name of Development/ Training centre.

- In Kanker district, sanction of ₹ 22.32 lakh for “construction of Public Relation Office at Collectorate” was issued (June 2011) to the EE, PWD, Kanker even though the work was neither permissible under BRGF nor included in the AAP. During scrutiny of records of EE, PWD, Kanker it was noticed the work was completed in February 2013 after incurring expenditure of ₹ 20 lakh.

**Photographs of construction of Public Relation Office building at first floor of Collector office at Kanker sanctioned under BRGF during 2011-12**



On this being pointed out in audit (November 2013), no specific reply was furnished by the CEO, ZP Kanker.

**4.1.10.3 Irregular transfer of BRGF fund on the work already executed from other scheme**

As per the condition of sanction order issued by the CEO, ZPs, before commencement of work it should be ascertained that the work was not sanctioned or executed under any other scheme and the fund should not be diverted for any other work.

During scrutiny of records of NP, Dongargaon it was found that for the work of electrification at Atal Awas campus, demand letter of ₹ 5.18 lakh was received from Chhattisgarh State Electricity Board (CSEB) in July 2007. As per the decision taken in the President in Council (PIC) (July 2007), the amount was to be paid from the funds received under the State Finance Commission. Accordingly, ₹ 5.18 lakh was paid to CSEB (August 2007) and demand for ₹ 5.18 lakh was sent to the Commissioner, Urban Administration and Development, Raipur in March 2008. Scrutiny revealed that after completion of work, fund amounting to ₹ 5 lakh was received from ZP Rajnandgaon (June 2009) under BRGF for the same work. However, instead of refunding the amount, it was transferred (July 2009) to State Finance

Commission account as per the order of President, NP, Dongargaon, which was irregular and against the provision of BRGF guidelines.

In reply, CMO, NP, Dongargaon stated (November 2013) that due to urgency of work, payment was made from another scheme after completion of electrification and after receipt of fund from BRGF, it was adjusted. The reply is not acceptable. The process for electrification at Atal Awas campus was started (May 2006) before commencement of the BRGF scheme and after completion of electrification, the fund received as per AAP 2008-09 was adjusted.

#### **4.1.10.4 Contract management**

Works under BRGF are to be executed by ULBs and line departments through tender process. Review of the tender and contract management in test checked districts revealed the following deficiencies:

- As per the condition of contract/agreement executed with the contractors in MC, NPP and NP, if the contractor fails to complete the work within the stipulated time, 10 *per cent* of the value of work done should be deducted as penalty from the bill submitted by the contractor. During scrutiny of the records of 19 ULBs, it was noticed that the contractor failed to complete 34 works with contract value of ₹ 3.09 crore within the schedule date of completion and the period of delay was ranging between one and 26 months. Since the delay was attributable to the contractors, penalty amounting to ₹ 19.30 lakh was recoverable. However, no penalty was recovered and this resulted in extension of undue financial benefit to the contractor (*Appendix 4.5*).

In reply, CMO, NP, Dantewada and Gharghoda accepted the fact and stated (December 2013) that in the absence of instructions, penalty was not deducted for delayed execution of work. Commissioner, MC, Jagdalpur stated (December 2013) that as per clause 2, the time period for completion of work was six months. Therefore penalty was not deducted. The reply is not acceptable. As the contractor failed to complete the works within the period stipulated in the agreement, penalty was leviable. No reply was furnished by 16 other implementing agencies.

In MC, Ambikapur, the contractors failed to complete six works valuing ₹ 42.47 lakh within the schedule date of completion and the period of delay was ranging between three and seven months. Since the delay was attributable to the contractors, penalty amounting to ₹ 4.39 lakh was recoverable from the contractor. However no penalty was recovered and this resulted in extension of undue financial benefit of ₹ 4.39 lakh to the contractor (*Appendix 4.5*).

In reply, CEO, ZP Surguja stated (January 2014) that letter has been issued to Commissioner, MC, Ambikapur and after receipt of reply, the same would be furnished to audit.

#### 4.1.10.5 Execution of other works in place of work approved by HPC/DPC

BRGF guidelines provide that the AAP is to be approved by DPC & HPC and after receipt of funds, CEO, ZPs issues sanctions to the implementing agencies and PRIs/ULBs. As per condition of sanction order, before commencement of work it should be ascertained that the work is not sanctioned or executed under any other scheme and the fund should not be diverted for any other work. If any work proposed by the PRIs/ULBs is to be changed then approval of the same is to be obtained from DPC before execution of the work.

Scrutiny of records of selected ZPs revealed that the funds sanctioned for works approved by HPC/DPC were diverted for other works without prior approval of the competent authority as discussed below:

- In Rajnandgaon district, one work with estimated cost of ₹ 10 lakh for training in Computer, *Kagaj dhona pattal*, Sticking, *Bunai*, Dairy and other training work was included in the AAP of 2010-11 and the amount was released to the Commissioner, MC Rajnandgaon. During test check of records, it was revealed that instead of above sanctioned work, construction of RCC shed in 10 Wards (Ward No. 1, 2, 3, 6, 18, 28, 39, 41, 43 and 45) was taken up without obtaining the approval of the DPC. Of these, works were completed in five Wards (Ward No. 1, 2, 3, 6 and 18) and in the remaining ward, works were incomplete as of October 2013.

In reply, CEO, ZP Rajnandgaon stated (October 2013) that the works executed by the Commissioner, MC Rajnandgaon were approved in the meeting of DPC and HPC. The reply is not acceptable as no supporting documents were furnished to audit.

- In JP Khairagarh of Rajnandgaon district, it was found that during the year 2011-12, one work of construction of PDS shops costing ₹ 3 lakh at GP Bajguda was sanctioned under BRGF. However this work was executed at GP Rahud instead of GP Bajguda.

In reply, CEO, JP Khairagarh accepted the fact and stated (October 2013) that the work was sanctioned in anticipation of inclusion in the AAP after preparation of estimate. The reply is not acceptable as the work under the scheme was to be executed only after receipt of administrative sanction from CEO, ZP.

- In Raigarh district, one work “Fencing work at Mahatma Gandhi College premises, Kharsia” at a cost of ₹ 10 lakh was sanctioned under AAP 2009-10 (January 2010) to NPP, Kharsia. Scrutiny of records revealed that instead of executing the sanctioned work, repair and maintenance works in the NPP building were executed and against the sanctioned amount of ₹ 10 lakh, ₹ 12.58 lakh was incurred without prior approval of DPC as detailed in **Table 4.5**.



**Table 4.5:- Details of works executed in place of the sanctioned work**  
(₹ in lakh)

Sl. No.	Name of work executed in NPP building	Estimated cost	Expenditure
1	Fixing of tiles	3.49	3.28
2	Aluminium fixing	2.07	5.16
3	Painting work	3.28	3.49
4	Fixing of checkers tiles	0.64	0.65
	<b>Total</b>	<b>9.48</b>	<b>12.58</b>

Source: as per MPR submitted by the CMO, NPP

In reply, CMO, NPP Kharsia stated (December 2013) that as per instructions given by the Collector, other works were executed after cancellation of sanctioned work. The reply is not acceptable as the approval for cancellation of work sanctioned by Zila Panchayat and revised sanction was not obtained from DPC for executing the work.

- In Bastar district, it was noticed during scrutiny of records of MC Jagdalpur that as per AAP of the year 2008-09, sanction of ₹ 3.05 lakh for “Construction of 200 meter CC road from Nirmal Panigrahi house to Rajpoot house at Shiv temple Ward No. 03” was issued (July 2009) and after inviting tender, work order was issued (November 2009) to the contractor for completion within one month. Further scrutiny revealed that as there was private land at the work site, the works was executed in the same Ward from “Dongaghat temple to boring square” and ₹ 3.04 lakh was paid to the contractor without obtaining the prior approval from DPC.

In reply EE, MC Jagdalpur accepted the fact and stated (November 2013) that the work was executed in public interest after obtaining the approval of the competent authority. The reply is not acceptable as MC itself is not competent for any changes in the work included in the AAP.

- In NP, Keshkal, the CEO, ZP Bastar sanctioned ₹12.24 lakh for five<sup>30</sup> works during the period 2008-09 to 2012-13. Scrutiny revealed that instead of the above sanctioned works, three works (RR Masonry work in Ward 3 in place of three works sanctioned in 2008-09, RCC Nalli in Ward No. 4 and 5 in place of Ward 12 and CC road from Abdul Mannan house to Shyamlal house in place of CC road from Upaddhyay house to Dhobi house) of the same nature were executed in other places and ex-post-facto approval for one work (RR masonry work in ward 3) was obtained after execution in March 2011 and no approval was obtained for the other two works.

<sup>30</sup> In 2008-09 three works of RR Masonry at Ward No. 12 and 13 part 1 & 2-₹ 2.83 lakh, in 2011-12 RCC Nali-₹ 6.35 lakh at Ward No. 12 and in 2012-13 CC road from Upaddhyay house to Dhobi house-₹ 3 lakh



On this being pointed out in audit (November 2013), no reply was furnished by the CEO, ZP Bastar (January 2014).

- In Rajnandgaon district, as per proposal received (May 2010) from CMO, NP, Chhuikhadan and Technical Sanction Submitted (December 2010) of ₹ 12.10 lakh for construction of two Water Tank (each costing ₹ 6.05 lakh), administrative approval of ₹ 9.17 lakh was issued (December 2010) by the CEO, ZP Rajnandgaon. Accordingly, after inviting tender (NIT), agreement was executed (March 2011) with the contractor. Scrutiny of the measurement book and note sheet revealed that instead of two Water Tanks, only single Water Tank was constructed at a cost of ₹ 10.64 lakh<sup>31</sup>. Further scrutiny revealed that neither any separate estimate and drawing/Design for one Water Tank was prepared nor approval of change in scope of work was obtained from the DPC.

In reply, CMO, NP, Chhuikhadan accepted the fact and stated (November 2013) that in view of the water problems of public, water tank was constructed and due to transfer of Sub-Engineer drawing/ design could not be prepared. It was further stated that the work was executed within the sanctioned amount and hence revised sanction was not obtained. The reply is not acceptable as the NP itself is not competent for any changes in the work included in the AAP.

#### **4.1.10.6 Excess expenditure**

As per the conditions of sanction order issued to the implementing agencies by the CEO, ZP for execution of works sanctioned under AAP, expenditure on the sanctioned work should not exceed the administrative cost.

During scrutiny of the records of the ULBs and implementing agencies, it was noticed in seven ULBs<sup>32</sup> and two implementing agencies<sup>33</sup> that during the period 2007-08 to 2012-13, in 26 cases, against the sanctioned cost of ₹ 1.08 crore, ₹ 1.03 crore was released by the ZPs and expenditure of ₹ 1.48 crore was incurred. Thus, an amount of ₹ 0.40 crore was incurred in excess of the administrative cost. Further scrutiny revealed that the excess amount was paid from the balance amount of the completed works, work not started or works in progress without obtaining the revised administrative sanctions from the concerned ZPs as detailed in *Appendix 4.6*.

In reply, CMO, NP, Bodari and NPP, Kharsia accepted the facts and stated (November and December 2013) that in some cases due to high percentage of tender rate and in public interest, excess expenditure was incurred. EE, PHE, Raigarh accepted the fact and stated (December 2013) that revised sanction would be obtained from CEO, ZP Raigarh. Whereas, EE, MC, Jagdalpur

<sup>31</sup> 1<sup>st</sup> RA Bill-₹ 4.26 lakh, 2<sup>nd</sup> RA Bill-₹ 3.19 lakh and Final Bill-₹ 3.19 lakh

<sup>32</sup> MC-Jagdalpur, NPP-Kanker and Kharsia, NP-Bodari, Pakhanjur, Ratanpur, and Takhatpur

<sup>33</sup> DFO- Kanker and EE, PHE-Raigarh.

stated (November 2013) that the excess expenditure was incurred from own resources. The reply of EE, MC, Jagdalpur is not acceptable as it was confirmed from the progress report and note sheet that all the payments were made from BRGF funds only. Thus, excess expenditure was incurred from the balance amount of completed works or fund provided for execution of other works without obtaining the revised sanction from the concerned ZPs.

#### **4.1.10.7      *Blockade of fund***

As per the terms and conditions of sanction order issued by the ZPs, the work should be completed within the financial year or as stipulated in the work order issued to the contractor for execution of work.

Scrutiny of records of the implementing agencies in selected districts revealed the following:

- **Non-commencement of work due to land dispute**

For timely completion of work and achievement of intended objectives, availability of freehold land was to be ascertained by the PRIs and ULBs before forwarding the proposal for inclusion of the work in AAP.

During scrutiny of records, it was noticed in 10 out of 129 implementing agencies that in 23 works, ₹ 1.90 crore was released by the ZPs during 2007-08 to 2012-13 against the sanction of ₹ 2.31 crore. However, 15 works valuing ₹ 1.48 crore could not be started due to land dispute and eight works valuing ₹ 83.35 lakh were stopped due to land dispute after incurring expenditure of ₹ 17.52 lakh. Thus, due to sanction of work without ascertaining the availability of unencumbered land not only led to blockade of funds but also the beneficiaries were deprived of the benefits of the scheme (*Appendix 4.7*).

- **Non-commencement of work**

During scrutiny of records, it was noticed in 32 out of 129 implementing agencies that though the funds amounting ₹ 4.98 crore were provided for 104 works by the ZPs against the sanctioned amount of ₹ 6.51 crore during the period 2007-08 to 2012-13 these works could not be started mainly due to lack of interest shown by the Secretary and Sarpanch, public protest, change in proposals, non-receipt of tenders etc. even after delay of seven months to more than five years (*Appendix 4.8*).

- **Incomplete works**

During scrutiny of records, it was found that 1069 works were sanctioned to 80 implementing agencies by the concerned ZPs during the period 2007-08 to 2012-13 and against the sanctioned amount of ₹ 57.28 crore, ₹ 39.47 crore was released. However, these works could not be completed by the implementing agencies even after incurring expenditure of ₹ 21.57 crore and also after lapse of seven months to more than five years mainly due to highly sensitive and

Naxal affected area, lack of interest shown by the Secretary and Sarpanch, matter pending in court, revision of work, delay in receipt of tenders etc. (*Appendix 4.9*).

In reply, CEO, ZP Rajnandgaon, Bilaspur, Dantewada and Raigarh accepted the fact and stated (October and December 2013) that instructions have been issued to the implementing agencies for commencement of the work and to submit no land dispute certificate along with the proposals for AAP. CEO, ZP Bastar stated (November 2013) that the works were not commenced mainly due to highly sensitive and Naxal affected area and lack of interest shown by the Secretary and Sarpanch of concerned GPs. No reply was furnished by the CEO, ZP Surguja and Kanker (January 2014).

● **Issue of work order without ascertaining the availability of land**

In Dantewada district, as per AAP 2012-13, sanction of ₹ 53.50 lakh for construction of Doctors quarter at PHC Katekalyan Part-1 and 2 was issued (August 2012) to EE, RES, Dantewada for which ₹ 21.40 lakh was provided (August 2012) by the CEO, ZP Dantewada.

Scrutiny of records revealed that after tendering process, work order was issued (December 2012) to a contractor for completion within seven months including rainy season. It was observed that land and layout of quarters was made available to contractor only in November 2013. As a result the work was not completed even after expiry of the scheduled date of completion (June 2013). Thus, due to non availability of clear possession of land before awarding the work remained incomplete. This resulted in deprival of housing facilities to the doctors besides avoidable payment of house rent.

In reply, EE, RES, Dantewada confirmed (December 2013) above facts and stated that the work was in progress.

**4.1.10.8 Wasteful/Unfruitful expenditure**

Both RSVY and BRGF *inter alia* aimed to bridge the critical infrastructure gap to expedite the growth rate in the backward districts. Thus, it was necessary to complete the projects in time and put those to immediate use after completion.

Scrutiny of the records revealed the followings:

- In Dantewada district, it was noticed during scrutiny of records of CMO, NP, Dantewada that as per the decision taken in the meeting (August 2009) chaired by Chief Secretary, construction of toilet complex in Naxal affected districts was to be done through M/s Suvarna Fibrotech Private Limited, Pune. The Collector, Dantewada accordingly issued work order (15 December 2009) for ₹ 40.40 lakh for construction of two unit (40 toilets) Toilet complex. Thereafter Administrative approval of ₹ 40 lakh for construction of

- above toilet complex at Danteshwari Temple premises and Mendaka Dobra ground was issued (29 December 2009) to CMO, NP, Dantewada. This was inappropriate as toilet complex has to be far away from the temple. After construction of above toilet complex, an amount of ₹ 28.68 lakh was paid in two instalments (₹ 14.34 lakh on 16 April 2010 and ₹ 14.34 lakh on 17 August 2010) to the firm. During physical verification of the site, it was found that the beautification work at a cost of ₹ 5 crore in the premises of Danteshwari Temple and Mendaka Dobra ground was taken up during 2011-12 under the project “Mendaka Dobra City beautification” after demolishing the existing toilet complex constructed under BRGF. Thus, injudicious decision of the Collector led to wasteful expenditure of ₹ 28.68 lakh under BRGF.

There was wasteful expenditure of ₹ 28.68 lakh of the project.

In reply, CEO, ZP Dantewada stated (December 2013) that the Toilet complex was not constructed at religious location and it was constructed at suitable place keeping in mind the cleanness of the premises used for fairs and cultural programmes. It was further stated that the site was covered under the city beautification project. Hence other essential constructions were done after demolishing the above constructed toilet complex.

- In Bastar district as per AAP 2007-08, sanction of ₹ 34.85 lakh for construction of Public Health Centre including staff quarter (G and H type- two each) at GP Mootanpal of JP Bastanar was issued to the EE, PWD No.2, Jagdalpur (February 2008). Scrutiny of records revealed that after finalisation of tender, work order was issued (May 2010) to a contractor for completion within six months including rainy season. However, the contractor, after completion of work up to lintel level of PHC building and up to roof level of G and H type quarter, left (August 2012) the work. The contractor was paid ₹ 15.76 lakh up to fourth RA Bill (December 2012). Thereafter though tender was invited for completion of remaining work, but the same was not started as of November 2013.

**Photographs of incomplete Public Health Centre and G type staff quarter at GP Mootanpal of JP Bastanar**



On this being pointed out in audit (November 2013), no reply was furnished by the CEO, ZP Bastar and EE, PWD No. 2, Jagdalpur (January 2014).

- In Bastar district as per AAP 2009-10, sanction of ₹ 6.90 lakh for construction of Cashew processing plant at Rajnagar GP of Bakawand

block was issued to EE, RES Jagdalpur in December 2009. After inviting tender, work order was issued (June 2010) to the contractor for completion within four months including rainy season. Scrutiny of records revealed that as against the completion time of four months, the work was actually completed in September 2012, after delay of 23 months. During joint physical verification of the site, it was observed that the building was not utilised for the intended purpose till November 2013 due to non-availability of electricity.

**Photographs of Cashew processing building constructed during 2010-11 at GP-Rajnagar of JP Bakawand**



In reply, EE RES, Jagdalpur stated (November 2013) that due to delay in selection of land and protest by the villagers, construction work was delayed. It was further stated that the building was handed over to Horticulture department in April 2013 and they were fully responsible for its utilisation. On this being pointed out, no reply was furnished by the DDH, Horticulture, Jagdalpur (January 2014). The reply of EE, RES, Jagdalpur confirms that award of work without prior possession of clear land resulted in delay in execution of work.

- In Raigarh as per AAP for the year 2007-08, sanction of ₹ 6.10 lakh was issued (November 2007) to EE, RES Raigarh for “construction of Sub Health Centre at GP Chhote Devgaon of JP Kharsia and fund was also provided. Scrutiny of records revealed that after incurring expenditure of ₹ 2.69 lakh, the work up to plinth level could only be completed. Thereafter a proposal for cancellation of the same was submitted (May 2013) to CEO, ZP stating that the work site was affected due to widening of road. However, it was found during joint physical verification of the site that the distance of the site was nearly 100 feet away from the existing road.



**Photographs of incomplete Sub Health Centre at GP-Chhotedevgaon of JP Kharsia sanctioned during 2007-08**



In reply, EE RES, Raigarh stated (December 2013) that the work up to plinth level was completed. However as per the report submitted by the Sub-divisional officer, RES, Kharsia, the site was affected in widening of road. Accordingly, the same was proposed for cancellation. It was further, stated that as per the instruction of the Collector, Raigarh, the process for restarting the work has been initiated.

**4.1.10.9 Non utilisation of assets created under the scheme**

During scrutiny of records of CEO JP Geedam of Dantewada district it was noticed that during the year 2007-08, sanction of ₹ 5 lakh was issued (February 2008) by the CEO, ZP Dantewada for construction of five shops at GP Jawanga. The work was completed by the GP in September 2010 after incurring expenditure of ₹ 5 lakh. During joint physical verification (December 2013) of the site, it was found that the shops were closed and no residential area was situated nearby the shops. It was also noticed that the shops were not allotted to any beneficiary.

**Photographs of Shops lying idle at GP-Jawanga of JP Geedam sanctioned during 2007-08 which was not utilised for the intended purpose**



In reply, CEO, JP Geedam stated (December 2013) that the work was completed in March 2009 but the whole area was selected for Education City in 2009. Hence these shops were not allotted to the beneficiaries or Self Help Groups. It was further stated that instructions would be issued to the GPs for immediate allotment of the shops.

Construction of shops without prior assessment of firm demand (by way of advance payment by potential users) has the risk of non-utilisation/under-utilisation of shopping complex. Such an exercise was not done.

Similarly, in JP Kharsia it was noticed that sanction of ₹ 3 lakh was issued (April 2010) by the CEO, ZP Raigarh for Construction of Patwari office cum residence at *Patwari halka* no.6 of GP Nagoi and the work was completed by the GP in September 2011 after incurring expenditure of ₹ 3 lakh. During joint physical verification of site, it was observed that the building was not utilised by the *Patwari* of concerned GP.

**Photographs of Patwari office cum residence lying idle at GP-Nagoi of JP Kharsia sanctioned during 2010-11**



In reply, Secretary, GP Nagoi accepted the fact (December 2013).

**4.1.10.10 Non supply of Solar Task light by CREDA**

As per AAP 2013-14, CEO, ZP Surguja issued (May 2013) sanction of ₹ 56.73 lakh for supply of 7000 Solar Task Lights and 1410 Study lamps to CREDA and payment of ₹ 45.38 lakh (80 *per cent* amount of sanction amount) was made (May 2013).

Scrutiny of records and progress report submitted by CREDA revealed that even after lapse of more than six months, the agency had not supplied the Solar Task and Study lamp. Thus, non supply of Solar Task and Study lamp not only led to blockade of the scheme fund but also the beneficiaries were deprived from availing the benefits of the Solar Task and Study lamp.

In reply, EE, CREDA stated (January 2014) that out of seven JPs, the Solar Task and Study lamps were provided in JP Batauli and Mainpat and the process for procurement of the same for JP Udaipur was in progress. The reply is not acceptable as the details of Solar Task and Study lamps provided to JP Batauli and Mainpat were not furnished and also the procurement for remaining five JPs was not done even after lapse of more than six months.

**4.1.10.11 Avoidable liability**

As per approved AAP for the year 2012-13, sanction of ₹ 4 lakh was issued and ₹ 2 lakh was released (July 2012) to CMO, NP, Malhar by the CEO, ZP Bilaspur for “construction of *Pachari* at Dindeshwari Talab”.

During scrutiny of records of NP, Malhar, it was noticed that in place of construction of *Pachari* at Dindeshwari Talab, decision for construction at *Naiya Talab* was taken in PIC meeting (July 2013) as the *Pachari* was already constructed at Dindeshwari Talab. Further scrutiny revealed that after execution of work at *Naiya Talab*, CMO requested (September 2013) to CEO, ZP Bilaspur for release of ₹ 4.50 lakh as additional work of ₹ 2.50 lakh was executed as per public demand and requirement of work. However, the same was not released by the ZP Bilaspur till October 2013. It was also noticed that against the bill of ₹ 6.19 lakh submitted by the contractor, only ₹ 2 lakh could be paid (October 2013). Thus, execution of other work in place of sanctioned work not only led to irregular execution of work but also resulted in creation of additional liability of ₹ 4.19 lakh.

In reply, CEO, ZP Bilaspur accepted the fact and stated (November 2013) that after obtaining approval in PIC, the work was executed in another place and only sanctioned amount was paid. It was further stated that instructions have been issued to meet the excess expenditure from NP fund.

#### 4.1.10.12 Works not completed due to non-release of fund

In Bilaspur district as per AAP 2009-10, sanctions for ₹ 48 lakh and ₹ 30 lakh were issued (December 2009) to EE, PHE, Bilaspur for 486 Water harvesting works and installation of 120 force lift pumps at Higher secondary school and primary and sub health centres in 10 blocks. First instalment of ₹ 46.80 lakh (60 per cent) was released. The position of works sanctioned and completed is as under:

**Table 4.6:- Position of works sanctioned and completed under BRGF**

(₹ in lakh)

Sl No	Name of the work	No. of works	Sanctioned Amount	Completed/ percentage of completion	Expenditure incurred	Work not commenced/ not completed	Balance Amount
1	Water harvesting	486	48.00	321	32.10	165	15.90
2	Force Lift pump	120	30.00	60	15.00	60	15.00
<b>Total</b>		<b>606</b>	<b>78.00</b>	<b>381 (63%)</b>	<b>47.10</b>	<b>225</b>	<b>30.90</b>

Source: As per MPR submitted by the department

It may be seen from the above table that against 486 Water harvesting works, 321(63%) were completed and the works were not started in Lormi and Takhatpur block. Similarly, the work of Force lift pump was not started in five blocks<sup>34</sup> as of October 2013. Further as per the progress report submitted by the EE, PHE, Bilaspur, the remaining works were not completed due to non-release of second instalment even after lapse of four years. Thus, due to non-release of balance fund not only the works were left incomplete but also the beneficiaries were deprived of the benefits.

On this being pointed out in audit (October 2013), no reply was furnished by the CEO, ZP Bilaspur.

<sup>34</sup> Gorella, Kota, Lormi, Marwahi and Pendra

#### 4.1.10.13 Non-deduction of VAT

As per Article 27(1) of Value Added Tax (VAT) Act 2005, if the amount of VAT included in the Bills submitted by the firms is more than ₹ 5000 for the items procured or services delivered for Government purposes, the VAT amount should be deducted from the bills and deposited in the Government account.

In Raigarh district as per AAP 2011-12, sanctions for ₹ 19.89 lakh and ₹ 23.53 lakh were issued to NPP, Kharsia and NP, Kirodimalnagar for procurement of “Back Hook Loader machine (JCB)”. Accordingly, both departments had procured “Back Hook Loader machine (JCB)” from a supplier and payments of ₹ 22.92 lakh and ₹ 23.80 lakh (February and March 2012) were made to the firm without deducting the VAT amounting to ₹ 2.22 lakh.

In reply, CMO, NPP, Kharsia stated (December 2013) that in the absence of instructions, VAT amount was not deducted. It was further stated that in future, VAT amount would be deducted and deposited in Government Account through challan.

Similarly, in Bilaspur district as per AAP 2007-08 to 2009-10, sanction of ₹ 20.75 lakh for electricity and water maintenance work was issued to CMO, NP, Takhatpur by the CEO, ZP Bilaspur. Scrutiny of records revealed that the electrical items were procured (November 2008 and July 2009) and water supply items were procured in January 2010 from two firms respectively. Although the VAT amount of ₹ 1.75 lakh was included in the bills, payment of ₹ 22.41 lakh was made to the firm without deducting the VAT amount.

In reply, CEO, ZP Bilaspur stated (January 2014) that instructions have been issued to the firm for depositing the VAT amount and after receipt of information the same would be intimated to audit.

#### 4.1.11 Capacity Building grants

Capacity building (CB) of Panchayats and Municipalities to facilitate participatory planning, decision making, implementation and monitoring of different schemes for better governance and service delivery was one of the critical issues of BRGF. Under capacity building component, training was to be provided to elected representatives and officials of PRIs and ULBs. Providing telephone and e-connectivity, establishing accounting and auditing system, establishment and maintenance of training help lines etc. were other important components under capacity building. Annual entitlement of each BRGF district under CB component was ₹ 1 crore per annum.

Review of implementation of various activities under Capacity building component revealed the following deficiencies:

#### 4.1.11.1 Funds utilisation

Under BRGF capacity building head, for installation of Studio at SIRD, construction of Panchayat Resource Centre (PRC), Community Resource Centre (CRC), Receiving facility at PTC/PRC, Procurement of Computers, Preparation of module, Training, Helpline facility and Strengthening of SIRD, GoI released ₹ 44.76 crore (including other receipt-₹ 10.74 crore and bank interest-₹ 0.35 crore) to the State Government during 2007-13 which was provided to SIRD, Nimora. Up to March 2013, an amount of ₹ 44.46 crore (99 per cent) was utilised as detailed in **Table-4.7**.

**Table 4.7: Receipt and utilisation of capacity building funds during 2007-13**

(₹ in crore)

Year	Opening Balance	Grants received	Other receipts	Bank interest	Total availability	Expenditure
2007-08	0.00	4.42	0.000	0.110	4.53	4.15
2008-09	0.38	2.73	0.002	0.012	3.12	0.10
2009-10	3.02	0.96	0.010	0.070	4.06	3.09
2010-11	0.98	7.16	0.018	0.012	8.16	7.10
2011-12	1.06	7.17	2.710	0.056	10.99	10.76
2012-13	0.23	11.23	8.000	0.087	19.55	19.25
<b>Total</b>		<b>33.66</b>	<b>10.74</b>	<b>0.35</b>	<b>50.41</b>	<b>44.46</b>

Source: Information furnished by SIRD

It may be seen from the above table that against the total available funds of ₹ 50.41 crore under capacity building grants during 2007-08 to 2012-13, expenditure was ₹ 44.46 crore.

Review of the financial management under BRGF revealed the following irregularities:

- **Submission of incorrect UCs and irregular treatment of advances as final expenditure**

As per the information furnished by the SIRD, it was observed that during the period 2007-08 to 2012-13, an amount of ₹ 28.42 crore was provided as advance to the ZPs, JPs and ULBs for preparation of Action Plan for elected members and providing training to elected members/staff and the whole amount was shown as expenditure. The position of actual release and utilisation of funds by the ZPs, JPs and ULBs was as under:

**Table 4.8: Receipt and utilisation of capacity building funds for training during 2007-13**

(₹ in lakh)

Year	Receipt	Expenditure	Utilisation Certificate received
2007-08	3.20	3.20	0.00
2008-09	0.50	0.50	0.00
2009-10	24.38	24.38	24.38
2010-11	450.78	450.78	228.77
2011-12	769.82	769.82	265.46
2012-13	1593.70	1593.70	799.59
<b>Total</b>	<b>2842.38</b>	<b>2842.38</b>	<b>1318.14</b>

Source: Information furnished by SIRD



It may be seen from the above table that the total amount of ₹ 28.42 crore released to the ZPs, JPs and ULBs by the SIRD during 2007-08 to 2012-13 was shown as fully utilised. However, UCs amounting to ₹ 15.06 crore (53 *per cent*) were not received as of November 2013. Further during scrutiny of records of CEO, ZP Surguja, it was noticed that against the receipt of ₹ 5.66 crore during 2010-11 to 2012-13, ₹ 1.04 crore remained unspent till December 2013, whereas no information was furnished by the other six districts. It is evident from the above that the advances were treated as final expenditure.

#### **4.1.11.2 Delay in installation of SETCOM and non-functioning of SITs**

With a view to provide down linking and up-linking facility and to establish the teaching end system and return video/audio facilities through Satellite at all the JPs of BRGF districts, an amount of ₹ 399.77 lakh was paid (March 2008) to M/s Antrix Corporation Limited, Bangalore (ISRO) for establishment and installation of Satellite Communication (SETCOM) in 115 sites (110 at Janpad level and 5 at District level) for the SIRD. The installation of Satellite Interactive Terminals (SITs) in 115 under SETCOM was done after lapse of more than two years between February and May 2010 due to delay in construction of civil infrastructure at Panchayat Resource Centres (PRCs).

Scrutiny of records revealed that during the period 2010-11 to 2012-13, 20<sup>35</sup> training sessions of 175 days were conducted for 53011 participants. It was noticed that in first training session (3 to 19 May 2010), 46 SITs were not fully working and the same problems were faced during next training session (16 to 19 August 2010) where only 55 to 65 SITs were found connected to remote sites of studio and remote site transmitted with audio and video was found in only eight to 31 SITs. Further scrutiny revealed that due to non-increase of the bandwidth by the ISRO, all the established SITs could not be connected simultaneously as reported (April 2011) by SIRD. Further as per information furnished by the SIRD, 28 SITs were still not functioning and no power connection was available in PRC room at JP Sukuma (Dantewada) till November 2013.

Thus, non-functional of all SITs not only led to blockade of scheme funds but also the beneficiaries were deprived of the benefits of training through audio/video facility.

In reply, Joint Director, SIRD stated (February 2014) that the department had done online call-log with the vendor for rectification of connection problem of SITs. But due to lapse of AMC between vendor and ISRO/Antrix Corporation, the rectification of equipments of SETCOM was not taken up by the vendor. Further the security of the equipments and administration of SETCOM office

<sup>35</sup> In 2010-11, 6 sessions of 61 day for 17376 participants, in 2011-12, 6 sessions of 44 day for 15023 participants and in 2012-13, 8 sessions of 70 day for 20612 participants.

is with the respective CEO, Janpad Panchayat. In some Resource centre the equipment installed were stolen for which the FIR was lodged by the respective CEOs.

#### **4.1.11.3 Training to elected representatives and staff of PRIs and ULBs**

**Training to PRI members/staff was not adequate.**

Training of elected representatives and staff of PRIs and ULBs is an important component of capacity building under BRGF. For this purpose, funds, training schedule and targets of elected representative and staff of PRIs and ULBs to be trained are approved by the HPC every year for each BRGF district.

Scrutiny of records revealed that the achievement (6745 trainees) of training provided to elected representatives and staff of ULBs was more than the target (5795 trainees) As against the target set for training to 4.95 lakh elected representatives and staff of PRIs during the period 2007-08 to 2012-13, only 2.36 lakh (48 per cent) could be trained.

In reply, Joint Director, SIRD stated (November 2013) that due to non receipt of funds in time, Panchayat elections and delay in Training Programmes during *Gram Swaraj* and agricultural period, targets for training could not be achieved.

#### **4.1.11.4 Establishment and maintenance of Helpline/Toll free number**

As per instructions issued (September 2012) by the Director, State Institute of Rural Development (Raipur), provision for establishment of Helpline/Toll free number in each BRGF district was approved in AAP 2012-13 under capacity building component of BRGF.

**Helpline/Toll free Number for PRIs and ULBs not set-up in three test check districts.**

During scrutiny of records of the test checked districts, it was found that, the Helpline/Toll free number was established in only four test checked districts<sup>36</sup>. In the remaining three districts<sup>37</sup>, it was not established as of December 2013 even after delay of more than one year. Further scrutiny revealed that in Raigarh, payment of ₹ 24,827 was made for Helpline/Toll free number, but no Log book was found maintained.

In reply, CEO, ZP Bastar and Dantewada accepted the fact and stated (November and December 2013) that the process for installation of Helpline/Toll free number was in progress. CEO, ZP Raigarh accepted the fact and stated (December 2013) that no Log books were maintained.

#### **4.1.11.5 Appointment of Consultant for Help Line/Toll free number**

The Director, SIRD, Raipur issued (September 2012) instructions for appointment of Consultant at fixed monthly honorarium of ₹ 15,000 per month

---

<sup>36</sup> Bilaspur-July 2013, Kanker-October 2012, Raigarh-January 2013 and Rajnandgaon-October 2013

<sup>37</sup> Bastar, Dantewada, and Surguja

for functioning and maintenance of Helpline/Toll free number. Accordingly, the process for appointment of consultant was initiated by the districts.

During scrutiny of records of the test checked districts, it was noticed that the consultants were appointed in only two<sup>38</sup> districts till December 2013. Further scrutiny revealed that in Rajnandgaon district, the consultant was appointed in December 2012 but the Helpline/Toll free number was established only in October 2013. This resulted in unfruitful expenditure of ₹ 1.35 lakh on salary to the helpline consultant.

In reply, CEO, ZP Bastar, Dantewada, Kanker and Raigarh stated (November and December 2013) that due to non-participation of eligible candidates, consultants were not appointed. CEO, ZP Rajnandgaon stated (October 2013) that the Helpline/Toll Free number was in operation and the services of consultant was utilised under BRGF and Helpline. The fact remains that the Helpline/Toll free number was installed 9 months after the appointment of consultant resulting in non-utilisation of services of consultant for helpline during this period.

#### **4.1.11.6 Idle expenditure**

As per the decision taken in HPC meeting (June 2012) for providing computers to electrified GPs under capacity building, CEO, ZP Bastar issued work order (March 2013) to a firm for supply of 135 computer peripherals (Desktop, Printer and UPS) at the rate of ₹ 43,340 per set to 12 blocks of Bastar district for further distribution in GPs.

During scrutiny of records it was found in JP Bakawand that though the firm had supplied 15 computer peripherals in March 2013, the same were not distributed to GPs till November 2013. Computer peripherals were installed between June and August 2013 in other GPs. Further scrutiny revealed that the payment of ₹ 58.51 lakh was already made to the firm (April 2013). Thus, non-distribution of computer peripherals to GPs not only led to blockade of the scheme fund but also the objective of the scheme was defeated.

#### **Photographs of 15 Computer received from VPC care, Raipur on 30 March 2013 lying unused at JP-Bakawand**



<sup>38</sup> Bilaspur and Rajnandgaon

In reply, CEO, ZP Bastar accepted the fact and stated (December 2013) that installation of computers would be ensured.

#### **4.1.12 Deficiencies in awarding of contracts**

As per instructions of the State Government, Panchayat and Rural Development Department (April 2011), the financial power of EE, RES for technical sanction of any works is up to ₹ 50 lakh and thereafter Superintendent Engineer (SE), RES is empowered for technical sanction of work up to ₹ 2 crore. The same financial limits for EE, SE and Chief Engineer (CE) have also been prescribed in PWD, PHE and WRD. Works department manual also prohibits splitting up of estimates to avoid technical sanction/approval of higher authorities. Further, as per the orders (December 2007) of the Chief Secretary, Government of Chhattisgarh, for any work valuing ₹ 20 lakh and above, tender should be processed through e-tendering only.

Review of the tendering process revealed the following deficiencies:

- In Raigarh district, EE, WRD, Raigarh split up the estimates of one work “construction of returning wall in RD chain No. 0 to 680 meter under Kello river front development at Raigarh” with estimated cost of ₹ 269.66 lakh to six reaches (0 to 130 meter-₹ 47.54 lakh, 130 to 230 meter-₹ 49.84 lakh, 230 to 320 meter-₹ 48.58 lakh, 320 to 460 meter-₹ 49.91 lakh, 460 to 600 meter-₹ 47.39 lakh and 600 to 680 meter-₹ 26.40 lakh) to avoid technical sanction of the estimate by the higher authority and the work was executed through Departmental procedure to avoid wide publicity.

In reply, CEO ZP Raigarh stated (December 2013) that the work was sanctioned as per the decision “to stop decreasing water level and loss during flood” taken in the meeting of DPC and on the basis of the proposals and estimates received from the EE, WRD, Raigarh. The reply is not acceptable as the EE was not competent for technical sanction.

- In Rajnandgaon district, the EE, RES, split up the work “construction of shade on up and down stair at Dongargarh temple premises” with estimated cost of ₹ 1 crore in to three parts (₹ 39.03 lakh, ₹ 37.35 lakh and ₹ 23.62 lakh) to avoid technical sanction of the estimate by the higher authority and technical sanction was accorded by the EE, RES in contravention of the Government instructions.

In reply, CEO, ZP Rajnandgaon stated (October 2013) that the administrative sanction was issued after approval of DPC and HPC but no specific reply regarding splitting of work was furnished.

- In Dantewada district, to avoid the technical sanction of higher authority, the EE, RES, split two works “construction of boundary wall at Government residential colony, Manjhipadar” with estimated cost of

₹ 64.28 lakh into three parts (₹ 21.36 lakh, ₹ 21.36 lakh and ₹ 21.56 lakh) and “construction of transit hostel at Dantewada” with estimated cost of ₹ 63 lakh into two parts (₹ 31.50 lakh and ₹ 31.50 lakh) and technical sanction was accorded by the EE. While two works were completed, the other remaining works were incomplete as of December 2013.

In reply, EE, RES Dantewada stated (December 2013) that the administrative approval for “construction of boundary wall at Government residential colony, Manjhipadar” was issued in three parts by the CEO, ZP Dantewada. Accordingly, technical sanction was accorded. CEO, ZP Dantewada stated (December 2013) that to avoid delay in receipt of sanction from higher authority, sanctions were issued after splitting the works.

- In Bastar district, sanction of ₹ 28.50 lakh for construction of medium bridge in *Bhoriya* nala near *Karanji* village at GP *Muli* of JP Bakawand was issued (May 2012) to EE, PWD No-1, Jagdalpur. It was noticed in audit that EE had split the sanctioned work into two parts (₹ 17.14 lakh and ₹ 10.34 lakh) and executed through inviting normal tender. Thus, by splitting the work requirement of e-tendering was avoided.

On this being pointed in audit (November 2013), no reply was furnished by the CEO, ZP Bastar (January 2014).

- In Dantewada district, during test check of the records of the EE, RES, Dantewada and EE, PMGSY, Dantewada, it was noticed that in six cases<sup>39</sup> the sanctioned amount of each work was more than ₹ 20 lakh. Instead of e-tendering, these works were executed through inviting short term tender in contravention of the Government order.

In reply, EE, PMGSY, Dantewada stated (December 2013) that the district is highly sensitive and contractors are not expert to participate in e-tendering and due to requirement of work, the works were executed after calling short term tender whereas no specific reply was furnished by the EE, RES, Dantewada.

#### 4.1.13 Inspection, Monitoring and Evaluation

##### 4.1.13.1 Quality Monitoring System was not instituted

Paragraph 4.13 of BRGF guidelines envisages that at the district level, a Review Committee shall be constituted by the DPC, chaired by the chair person of ZP, JP and ULBs in the District on rotation basis in such a manner that the Committee consists of not more than eight to 10 members.

Schedule of inspection of works not prepared and quality monitoring system has not been prescribed.

<sup>39</sup> Boundary wall at Government colony, Manjhipadar Part 1-₹ 21.36 lakh, Part 2-₹ 21.36 lakh, Part 3-₹ 21.56 lakh, Transit Hostel at Dantewada, Part-1-₹ 31.56 lakh, Part 2-₹ 31.56 lakh and Transit Hostel at District Hospital Dantewada-₹ 36.63 lakh.



The Review Committee should examine the peer review report prepared by Panchayats. Further paragraph 4.14 of BRGF guidelines provides for preparing a schedule for inspection of BRGF works and for instituting a Quality Monitoring System for maintaining the quality of works. The working of the quality monitoring system is to be regularly reviewed by the HPC.

During scrutiny of records of all the test checked districts, it was noticed that neither any Review Committee at district level was constituted by the DPC for BRGF, nor any Quality Monitoring System was introduced in any of the test checked districts as of December 2013.

In reply, CEO, ZP Bastar and Kanker stated (November 2013) that the monitoring of BRGF works was done along with other schemes through District level Vigilance and Monitoring Committee. CEO, ZP Raigarh and Dantewada stated (November and December 2013) that the implementation of the scheme was regularly monitored through Time limit and Monthly meetings. CEO, ZP Bilaspur and Rajnandgaon stated (October and November 2013) that separate Review committee for BRGF was constituted.

The replies are not acceptable as in the minutes of meetings of District level Vigilance and Monitoring Committee, only status of receipt and utilisation of funds under the scheme were discussed and no documents in support of monitoring the works under BRGF through time limit, monthly meetings and constitution of separate Review Committee were furnished to audit.

#### ***4.1.13.2 Social audit and vigilance at grass root level***

Paragraph 4.15 of BRGF guidelines provides for social audit of BRGF works by Panchayats and municipalities as well as role and function of Village/Ward level Vigilance and Monitoring Committee. Further, in compliance of the meeting of HPC held in November 2009, it was reported to the Ministry of Panchyati Raj, GoI along with the minutes of meeting (June 2011) of HPC that the social audit for the works executed under BRGF was being conducted along with MGNREGS.

During scrutiny of records in the 140 test checked GPs, it was noticed that the social audit of BRGF works was conducted in only 10 GPs. Though 86 GPs stated that the social audit was conducted no supporting documents were produced to audit and in 44 GPs, no social audit for BRGF works was conducted as of December 2013.

In reply, CEO, ZP Raigarh accepted the fact and stated (December 2013) that social audit would be conducted along with MGNREGS. CEO, ZP Rajnandgaon, Bastar, Kanker and Dantewada stated (October, November and December 2013) that instructions have been issued for conducting social audit with MGNREGS. CEO, ZP Bilaspur and Surguja stated (October 2013 and January 2014) that no separate instructions were issued by the State Government.

The above replies confirm that though the system of social audit was not fully evolved it was reported to GoI that the Social audit for the works executed under BRGF was being conducted along with MGNREGA.

#### 4.1.13.3 Transparency measures

Paragraph 4.15 of BRGF guidelines provided for displaying transparency boards at work-sites indicating name of the scheme, name of the work and other details to enable the local people to know about the scheme. Further, each Panchayat has to publicly display details of all the approved projects with their expected commencement and completion date.

No transparency board was fixed for BRGF works executed by the Line departments and ULBs.

During scrutiny of records and joint physical verification of 40 work sites, it was noticed that the transparency boards were fixed in the work site of 30 GPs. No transparency boards were found fixed in the work site of six line departments and four ULBs.

Similarly, out of 140 test checked GPs, it was found that the public display details of all the approved projects with their expected commencement and completion date at GP were found in only 57 GPs.

In reply, CEO, ZP Bilaspur accepted the facts and stated (December 2013) that the fixing of transparency boards at worksite would be ascertained and CEO, ZP Raigarh stated (December 2013) that instructions have been issued for fixing of transparency boards at work site. No replies were furnished by the CEO, ZP Bastar, Dantewada, Kanker, Rajnandgaon and Surguja (January 2014).

#### 4.1.13.4 Evaluation of the Scheme

Evaluation of the scheme implementation was not conducted by the State Government.

BRGF scheme was to be implemented with a view to mitigate regional imbalances, contribute towards poverty alleviation besides focused development of backward areas by bridging gaps in critical infrastructure and other developments. Therefore it was required to evaluate the effect of the scheme in all sectors. It was noticed in the selected districts that no such evaluation study was conducted as of December 2013. In the absence of such evaluation, the sector wise development under the scheme could not be ascertained.

In reply, CEO, Bastar, Dantewada, Kanker and Raigarh stated (November and December 2013) that no such instructions in this regard were received from the State Government. Therefore evaluation of the scheme was not conducted. CEO, ZP Rajnandgaon stated (November 2013) that the backwardness index was reviewed during monthly meeting. It was informed by the CEO, ZP Bilaspur that the percentage of backwardness was reduced by eight to 25 per cent but the criteria for assessment were not made available to audit. No reply was furnished by the CEO, ZP Surguja (January 2014).

#### **4.1.14 Conclusion**

The Central objective of BRGF was to bring a huge turn around in backward areas through convergence of all the schemes and programmes and preparation of integrated district plan with involvement at grass root level. Baseline survey to identify the reason of backwardness and missing development infrastructure was not conducted, rendering the planning process irrelevant. Decentralised planning at village, GP, block and district level was missing. Gram Sabhas in rural areas were hardly consulted and Area Sabhas in urban areas were never consulted while preparing Annual Plans under BRGF. There was absence of institutional arrangements as well as professional support at GP, JP and ZP. Despite engagement of Technical Support Institutions for plan formulation, deficiencies like delays in preparation of Annual Plans and inclusion of inadmissible works in the AAPs were present. Diversion and parking of programme funds in fixed deposit as well as parking of funds in Non-interest bearing Accounts were also noticed. Implementation of the programme also suffered due to absence of quality checks, lack of transparency in contract management and non-utilisation of completed projects. Low coverage under training to PRI members and staff etc. led to poor human capital formation. Monitoring was inadequate. The role of the DPC remained limited to only a plan approving body for BRGF and technical and professional support to DPC for guidance, preparation of integrated district plans, monitoring and evaluation of the outcome were hardly available. No robust mechanism for social audit, peer review of performances of PRIs and ULBs was put in place.

#### **4.1.15 Recommendations**

- Perspective plans should be prepared in accordance with the guidelines by involving Gram Sabha and Ward Sabha for identifying the critical gaps in development. Timely preparation of annual action plans should also be ensured;
- Institutional arrangements and professional support at GP, JP and ZP level to the extent envisaged under BRGF may be provided on priority within a definite timeframe;
- Financial management may be streamlined to check delay in transfers and diversion of funds;
- Independent and competent organisation/agencies may be entrusted with evaluation of outcome of the programme to provide valuable feedback.